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11131
RECORDATION NO. Filed 1425
DEC 05 1979 - 9 20 AM
INTERSTATE COMMERCE COMMISSION

November 29, 1979

Interstate Commerce Commission
Room 2302
12th and Constitution Avenues, N.W.
Washington, District of Columbia 20423

Attention: Mrs. Mildred Lee,
Recordation Secretary

Dear Sirs:

9-353AC15
DEC 5 1979
Date
Fee \$ 50.00

CC Washington, D. C.

Enclosed herewith please find Security Agreement between Rex Leasing, Inc., Debtor and Citiban, N.A., Secured Party, which covers, among other collateral, 800 Railroad Cars to be manufactured by Marine Industrie Limitee.

These Cars have been assigned Identification numbers RRRX 1001 through RRRX 1800, inclusive.

Our check for \$50.00 is enclosed.

The Security Agreement is delivered to you to be recorded for purposes of Section 11303 of the Interstate Commerce Act. For your files:

Name of the Debtor: Rex Leasing, Inc., 816
Palisade Avenue, Englewood Cliffs, New Jersey
07832

Name of the Secured Party: Citibank, N.A.,
Surface Transportation Department, 399 Park
Avenue, New York, New York 10043

Property Covered: 800 covered hopper rail cars
to be manufactured by Marine Industrie Limitee
of Tracy, Sorel Quebec, Canada, which have been
assigned numbers RRRX 1001 through RRRX 1800,
inclusive.

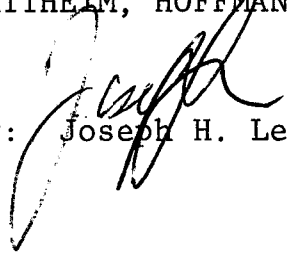
Enclosed please find a copy of this letter. Please acknowledge receipt of the letter and the attached Security Agreement on the enclosure and stamp on the same your recording data.

Should any questions arise, please call the writer.

Your courtesy to the writer when I telephoned you earlier this week is appreciated.

Very truly yours,

RATTHELM, HOFFMAN, KASSEL & SILVERMAN

By:  Joseph H. Levie

JHL/af
Enclosure

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

1/2/79

Joseph H. Levie
Rathheim, Hoffman, Kassel & Silverman
61 Broadway
New York, N.Y. 10006

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/5/79 at 9:20am, and assigned re-
recording number(s).

11131

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

I.C.C. Copy

November 30, 1979

Citibank, N.A.
399 Park Avenue
New York, New York 10043

Re: Security Agreement

Gentlemen:

In order to induce you to issue a standby Letter of Credit to MARINE INDUSTRIE LIMITEE ("Marine") on our behalf in the sum of up to Canadian \$39,424,000.00, which shall be issued pursuant to Article V of a Purchase Agreement between ourselves and Marine dated or to be dated as of November 1, 1979 ("the Purchase Agreement"), pursuant to which Marine has agreed to manufacture and sell to us, and we have agreed to purchase from Marine 800 railroad cars ("the Cars"),*we have hereby agreed with you as follows:

1. Annexed hereto as Exhibit "A" is a copy of the Purchase Agreement. We warrant and represent to you that the Purchase Agreement so attached is a true, complete and accurate copy thereof, including all attachments and related agreements, and that such Purchase Agreement is presently in full force and effect and has not been modified, amended, rescinded or recalled by either party thereto. We warrant that the Purchase Agreement is genuine and in all respects what it purports to be, that all statements contained therein are true and that the Purchase Agreement is enforceable in accordance with its terms; that the parties

* to bear numbers RRRX 1001 through RRRX 1800

thereto have full power to contract and that we have no knowledge of any facts that would impair the validity of the Purchase Agreement or render it less valuable, and that we will perform all of our Obligations and make payment of all sums due by us under the Purchase Agreement in a timely and complete manner. We will not modify, amend or rescind, or take any action which would permit Marine to modify, amend or rescind, the Purchase Agreement without your prior written consent.

2. Security Assignment of Purchase Agreement - For value received and in order to secure all of our present and future Obligations to you of every kind and nature, absolute or contingent, whether or not mature and however evidenced, including but without limitation, obligations and liabilities arising under or related to the issuance of the above-described Letter of Credit, and obligations and liabilities arising under or related to this Agreement or any of the instruments referred to herein (all collectively, the "Obligations"), we hereby assign, transfer, set over to you and grant you a first lien on and a first security interest in and to the Purchase Agreement, all of our rights and property under the Purchase Agreement and (except as otherwise provided in paragraph 3(c) of this Agreement) all proceeds of the Purchase Agreement and without limiting the foregoing, we hereby assign to you the right to collect property or monies due us under the Purchase Agreement, and the right, either in your name, or in our name, to take such legal

proceedings, or otherwise with respect to the Purchase Agreement as we might have taken except for this assignment. We further agree to pay to you on demand any expenses including reasonable attorneys' fees which you may incur in respect to enforcing any rights under this assignment or otherwise under this Agreement and to grant extension of time to and to compromise claims with Marine as our Agent and, generally, to do all things in respect of such Purchase Agreement as we might do, provided, however, that so long as we are not in default of any obligation to you, you shall not deal directly with Marine.

3. (a) Annexed hereto as Exhibit "B" is a copy of a commitment letter to which is annexed an Agency Agreement to be entered into between ourselves and Merrill, Lynch, Fenner & Smith, Incorporated ("Merrill"). Pursuant to that transaction, Merrill has agreed, subject to certain conditions, that it will exercise its best efforts to obtain investors who will purchase the Cars which we are to acquire from Marine pursuant to the Purchase Agreement. We will not rescind or materially modify or amend in any way the said agreement with Merrill, if such modification would be adverse to your interest, and we will do all things necessary on our part to perform such agreement and comply with our obligations thereunder. We shall provide you with copies of all material notices and demands received by us from any party under said agreement.

(b) Annexed hereto as Exhibit "C" is a copy of an Escrow Deposit Agreement among Chemical Bank, as bank-escrowee, Merrill, ourselves and yourself. The account established with said Escrow Agent is sometimes referred to as the "Escrow Account" hereinafter. We warrant and represent to you that said agreement is accurate and complete and that it represents the entire understanding between the parties with respect to its substance. We further warrant that we will comply with the provisions of said agreement and that we will do all things necessary on our part to perform such agreement and comply with our obligations thereunder. We shall provide you with copies of all material notices and demands received by us from any party under said agreement.

(c) In the event that any Car or Cars shall be transferred or released to us or for our account, or in the event that title thereof shall be transferred to us by Marine at a time when Marine may still have any right to draw down or draw against the Letter of Credit with respect to such Car or Cars (it being conclusively presumed that Marine shall have no right when it has advised you in writing either that it has been paid for such Car or Cars in full or that the Letter of Credit is no longer available to it with respect to payment therefor), we hereby grant you a first lien on and first security

interest in and to any such Car or Cars and the proceeds thereof. Immediately upon the attachment of a security interest in any Car or Cars under the previous sentence of this Agreement, we shall deliver to you a chattel mortgage in the form annexed hereto as Exhibit "D", if such Car or Cars are located in the United States, and will do all things and take all action that you may request to register and perfect your first security interest in the United States or, if you so advise us, we will deliver such Car or Cars to you to be held by you until payment is made therefor or until you are released of any liability in respect of such Car or Cars under the above described Letter of Credit. If such Car or Cars is delivered to us or if possession or title thereof is in Canada, then we will also take such actions and deliver such documents and instruments as you may deem appropriate to obtain a perfected security interest in Canada and/or any province thereof with respect thereto. Notwithstanding the foregoing, you shall have no security interest in any Car or Cars, or in the proceeds of any Car or Cars, and any security interest which you have shall automatically terminate and you shall deliver such evidence of termination as we may reasonably request (A) as soon as or simultaneously with the delivery to you of (i) a release of all liability in respect of the Letter of Credit, or (ii) evidence of payment to Marine of all sums due to Marine under the Purchase Agreement, or (B) when

(i) sums sufficient to pay the purchase price under the Purchase Agreement to Marine for such Car or Cars have been placed in the Escrow Account (the condition in this clause (B) (i) shall be deemed to have been satisfied with respect to any Car if an amount equal to the purchase price of such Car, as shown on a tentative invoice delivered by Marine, shall have been placed in escrow for the account of the intended purchaser of such Car) and (ii) the Escrow Agent has been given irrevocable instructions to apply such funds for that purpose and (iii) we shall have delivered to you a certificate that the provisions of (i) and (ii) have been complied with, signed by our duly authorized officer. Wherever this agreement refers to payment of purchase price to Marine in respect of any Car or Cars, compliance with (B) above shall be deemed equivalent to making such payment to Marine.

4. Inasmuch as the Purchase Agreement requires us to make payment to Marine in Canadian dollars rather than in U.S. dollars we have, pursuant to Foreign Exchange Contracts purchased or acquired an option to purchase, Canadian dollars. Copies of all such Contracts are annexed hereto as Exhibit "E". As further security for all our present and future Obligations as that term is defined above, we hereby assign, transfer, set over to you and grant you a first lien on and a first security interest in and to such Foreign Exchange Contracts (but not the proceeds thereof insofar as such proceeds may be deposited in the Escrow Account).

We further agree that we will not terminate, modify, amend, sell, transfer or assign such Foreign Exchange Contracts or do any act which would cause the same to become less valuable without your prior written consent.

5. Inasmuch as the Purchase Agreement does not provide that it may be cancelled, modified or rescinded on our part if the Government of Canada or any Province or instrumentality of Canada restricts the export of the Cars to be purchased under the Purchase Agreement, we shall exercise our best efforts to obtain insurance against the risk of a Canadian national or provincial government embargo on export of the Cars and certain related risks in the amount of \$9,000,000 provided however that if the cost of such insurance shall exceed \$60,000, we shall not be obligated to obtain the same. As security for all of our present and future Obligations hereunder we hereby assign, transfer, set over to you and grant you a first lien on and first security interest in any of the proceeds of such insurance to the extent that such proceeds are not payable to a purchaser of a Car or Cars who has paid, or caused to be paid, the purchase price to Marine for such Car or Cars, and we do further agree that so long as we shall have any obligations to you arising under or relating to this Agreement or to the Letter of Credit described above, we shall maintain such insurance.

6. Notwithstanding any provisions in this Agreement or the application for the letter of credit, so long as we

shall not be in default under this Agreement or any other agreement with you, we may, at any time or from time to time, request you to make payment under the letter of credit to Marine for Cars delivered to us. Any such payment to Marine shall be treated as an advance by you to us, and we shall deliver to you a Promissory Note to evidence the same, payable ninety (90) days from the date of your payment to Marine in form and containing terms satisfactory to you and providing for interest at such interest rate as we may then agree. All such notes and advances shall be entitled to the benefit of all security granted under this agreement. In addition and simultaneously with our first such request for such an advance, we shall deliver to you an Hypothecation Agreement duly executed by us in the form annexed hereto as Exhibit "H", together with certificates of deposit or other cash-type securities satisfactory to you in the principal amount of One Million Dollars (\$1,000,000). It is understood that we may make various requests for you to pay Marine under the Letter of Credit from time to time pursuant to this paragraph 6, but we shall only be required to deliver one Hypothecation Agreement which shall be effective at all times any such advance or note is outstanding and shall only be required to maintain cash-type collateral of the kind set forth above in the amount of One Million Dollars (\$1,000,000) at such times as there may be such an outstanding advance or note.

7. Notwithstanding the foregoing provisions of paragraphs 2 through 5 of this Agreement and except where paragraph 6 may be applicable, it is mutually understood and agreed that:

(a) The assignments, liens and security interest granted you under the said paragraphs, and all other agreements for collateral or security in your favor hereunder shall terminate in the event that the Letter of Credit terminates or is cancelled and all notes and advances of the type referred to in paragraph 6 shall have been paid in full and all liability thereunder on your part is terminated, or we shall otherwise have no Obligations to you.

(b) If such Letter of Credit is drawn down only in part, the scope of such assignments, liens and security interests shall be limited to your liability under the Letter of Credit, as well as your expenses of every kind and nature including reasonable attorneys' fees and disbursements in enforcing the collateral and security interest granted to you hereunder. We shall have no right to make junior assignments or to grant secondary liens or security interests in any of the property assigned to you under this Agreement or in which you have been granted a security interest hereunder.

(c) We engage and agree to keep all property subject to such assignments, liens and security interests in your favor under this Agreement or any instruments referred to herein free and clear of liens and security interests in favor of any person

other than yourself arising by operation of law or otherwise. Notwithstanding any provision contained in this paragraph or elsewhere in this Agreement, it is expressly understood and agreed that the grant of an interest in Car or Cars to an investor or investors shall not be deemed to be a violation of this Agreement so long as any such investor or investors shall not be entitled to have any claim prior to your claim until full payment for such Car or Cars has been made to Marine or you have no liability to Marine at risk under the Letter of Credit in respect of or arising out of nonpayment to Marine for such Car or Cars provided that payment of purchase price to the Escrow Agent in compliance with paragraph 3(c)(B) shall, to the extent permitted by paragraph 3(c) of this Agreement, be deemed equivalent to payment to Marine.

8. We shall use our best efforts to obtain leases in substantially the form annexed hereto as Exhibit F. However, changes departing from Exhibit F which contain terms and conditions substantially as favorable to Lessor or which are approved by Merrill at a time when Exhibit B is in effect shall be permitted. We shall, upon taking delivery of the Cars, proceed to identify the same to existing bona fide lessees, as soon as practicable consistent with preserving the Investment Tax Credit with respect thereto. Immediately upon such identification, an executed copy of the lease shall be delivered to you. As security for all our present and future Obligations to you, we hereby assign, transfer, set over to you and grant you a first lien on and first security interest in and to all of the said

leases and all of the proceeds thereof, except (i) that your security interest in any lease shall terminate where the purchase price for such Car or Cars has been paid to Marine or where a sum equal to such purchase price has been deposited in the Escrow Account and the Escrow Agent has received irrevocable instructions to pay the same to Marine and (ii) where a lease covers a Car or Cars and also covers other equipment, including a railway car or cars that is not a Car or Cars or which covers a Car or Cars for which the purchase price has been paid to Marine, your security interest shall extend only to that portion of the lease and its proceeds which may be allocable to a Car or Cars subject to your security interest hereunder or for which the purchase price has not been paid. In connection therewith, we shall:


(a) deliver the originals of such leases to you upon your request therefor together with their assignments in form satisfactory to you. A copy of a form of assignment which is satisfactory to you is annexed hereto as Exhibit "G".

(b) Subject to, and to the extent of, your security interest, we shall deliver to you immediately upon receipt in kind and without deduction, diminution or set off of any kind and nature, all proceeds received from any lessee or the successor in interest to any lessee under any above-described lease. Such proceeds shall be applied to the reduction of our Obligations to you. In addition to all other rights,^{*} you shall have the right to require any such lessee to make payment directly to you and to deal with the leases and property

* but only to the extent of your security interest therein,

covered by the leases as if the same were your property.

9. We shall give you notice setting forth the car numbers at least fifteen (15) days prior to taking delivery of any Car or Cars in which you may have a security interest hereunder, and will deliver to you a chattel mortgage on and the lease covering any such Car or Cars, together with all other things or documents that may be necessary, in your opinion, to perfect your security interest therein. We have advised Marine to identify the Cars by placing thereon numbers RRRX 1001 through RRRX 1800, which numbers have been assigned to us by The Association of American Railways^{ROADS}, and such Cars shall continue to be so identified.



10. (a) This Agreement has been executed in and shall be governed by the laws of the State of New York where the parties intend that the Agreement shall be performed, and to the jurisdiction of whose courts they have voluntarily submitted.

(b) This Agreement shall be binding upon the successors and assigns of the parties hereto.

(c) This Agreement may not be terminated or modified and no provision may be amended, except by a writing signed by the Vice President or higher officer of the party to be charged.

(d) This Agreement and the other agreements referred to herein and certain guaranties and collateral

documents delivered to you by our corporate parent and other affiliated corporations constitutes the entire understanding of the parties with respect to the subject matter hereof, and any previous agreements are merged into and shall be governed by this Agreement.

(e) We shall pay you all of your expenses in perfecting, filing or enforcing any security interest hereunder or in connection with any agreement referred to herein. We shall have, in addition to all of your other rights hereunder, all of the rights of the Secured Party under the New York Uniform Commercial Code and all of your rights under the various agreements herein shall be cumulative.

Very truly yours,
REX LEASING, INC.

By: *[Signature]*
President

Accepted and Agreed to
CITIBANK, N.A.

By: *[Signature]*
Vice President

On this 30th day of November, 1979 before me personally appeared Scott E. Bates, VP of Citibank and Saul Schneider, VP of Rex Leasing, Inc.

LOUISE DELLASALA
Notary Public, State of New York
No. 01DE4671239
Qualified in Kings County
Commission Expires March 30, 1980

[Signature]
Notary Public

EXHIBIT A

THIS PURCHASE AGREEMENT dated as of the 1st day of
November, 1979

BETWEEN:

REX LEASING, INC., a body corporate
having its principal place of business
at 616 Palisade Avenue, Englewood
Cliffs, New Jersey, U.S.A.

(hereinafter called the "Company")

OF THE FIRST PART

AND:

MARINE INDUSTRIE LIMITEE, a body
corporate having its principal
place of business at
Tracy (Sorel), Quebec, Canada.

(hereinafter called the "Manufacturer")

OF THE SECOND PART

WITNESSETH THAT THE PARTIES HERETO FOR THEMSELVES, THEIR SUCCESSORS
AND ASSIGNS, HEREBY COVENANT AND AGREE AS FOLLOWS:

ARTICLE I - PURCHASE AND SALE OF EQUIPMENT

1.1 On and subject to the terms of this Agreement, the Manufacturer shall sell to the Company and the Company shall purchase from the Manufacturer, accept delivery of and pay for eight hundred (800) only 100-ton steel covered hopper cars with four thousand six hundred and fifty cubic feet (4,650 cu. ft.) capacity each, (hereinafter referred to collectively as the "Cars" and individually as a "Car") in conformity with Manufacturer's General Arrangement drawing No.9-10420 dated May 1st, 1979, and Specification No. 389 dated May 1st, 1979, hereto attached as Annex No.1.

ARTICLE II - DRAWINGS AND SPECIFICATIONS

2.1 The Cars shall be constructed and delivered to the Company ready for immediate use and in conformity with the drawings and specifications hereto attached as Annex No. 1. The said drawings and specifications are hereby declared to be a part of this Agreement.

2.2 The Cars to be delivered under this Agreement will in no event have been used or held for use by the Manufacturer or any other party prior to such delivery pursuant to the terms of this Agreement. The foregoing shall not prevent the Manufacturer from storing the Cars pending delivery to the Company. Furthermore, no materials or parts used in the manufacture of any Car will be used, reconstructed or rebuilt.

2.3 The Manufacturer shall give the Company reasonable access to its plant during manufacturing for the purpose of inspection.

ARTICLE III - PRICE

3.1 The Company shall pay to the Manufacturer in the manner and at the time hereinafter set forth the sum of forty-four thousand dollars (\$44,000) (Canadian funds) for each Car (hereinafter referred to as the "Base Price Per Car") for a total purchase price of thirty-five million two hundred thousand dollars (\$35,200,000) (Canadian funds) (hereinafter referred to as the "Total Base Price") subject to increase or decrease as provided in Article 3.2 hereof. The Base Price Per Car does not include taxes, customs duties or any other taxes, if any, and is for delivery of each Car, F.O.B. Tracy (Sorel), Quebec, Canada as hereinafter provided.

3.2 The Base Price Per Car shall be increased or decreased by the actual cost to the Manufacturer of changes from the costs used to determine the said price in accordance with the drawings and specifications in Annex No.1 hereto as a result of any one or more of the following:

1. Cost of materials from prices determined as of August 17, 1979;
2. Cost of specialties from prices determined as of August 17, 1979;
3. Cost of labour is firm until April 29, 1980, but subject to escalation as follows after that date: for each one cent per hour increase in the Manufacturer's average hourly wage rate, the Base Price Per Car will be increased by twelve dollars and seventy-four cents (\$12.74);
4. Freight cost to the Manufacturer for delivery of materials or specialties;
5. Cost to the Manufacturer for U.S. materials or specialties due to fluctuation in the value of U.S. dollars expressed in Canadian funds from CDN \$1.17;
6. Taxes and/or Canadian government rulings applicable to the sale of the Cars in effect as of August 29, 1979.

3.3 As soon as is reasonably practicable the Manufacturer shall advise the Company of any cost changes pursuant to items one, two and four of Article 3.2 hereof and shall furnish the Company with copies of invoices or other documents evidencing such cost changes.

ARTICLE IV - PLACE AND TIME OF DELIVERY

4.1 The Manufacturer shall begin delivery of the Cars during the first week of July, 1980 at the rate of approximately ten (10) Cars per working day until completion of delivery of the Cars. All deliveries to the Company shall be F.O.B. C.N.R. track, Tracy (Sorel), Quebec, Canada.

4.2 The Company shall take delivery of the Cars after inspection and acceptance thereof as hereinafter provided on a weekly basis subject to the following:

- (a) if at any time 50 Cars are ready for delivery, the Company must take immediately delivery thereof in accordance with this Agreement;
- (b) the Company must take delivery in accordance with this Agreement of all Cars ready for delivery on the last working day of each month;
- (c) any insurance surcharge and/or any storage charge incurred by the Manufacturer and resulting from the delivery of the Cars on a weekly basis rather than on a daily basis shall be included in the Manufacturer's invoice for such Cars and shall be paid by the Company.

ARTICLE V - PAYMENT

5.1 On or before the fifteenth (15th) day of each calendar month the Company shall pay to the Manufacturer the purchase price as calculated in accordance with the provisions of Article III hereof for each and every Car delivered in the previous calendar month.

5.2 The Company, prior to or concurrently with the execution of this Agreement, shall deliver to the Manufacturer a confirmed irrevocable letter of credit in favour of the Manufacturer for one hundred percent (100%) of the Total Base Price provided for in Article 3.1 hereof. The letter of credit shall be in form and substance satisfactory to the Manufacturer and shall be issued by a U.S. commercial Bank acceptable to the Manufacturer; shall provide for payment to the Manufacturer against a sight draft and sworn statement that the Cars have been accepted by the Company, but that the Company has failed to pay for, when due, those Cars whose aggregate adjusted Base Price shall be equal to the amount demanded; and shall expire thirty (30) days after scheduled completion of shipments under this Agreement. Execution of this Agreement by the Manufacturer shall constitute approval of the form and substance of the letter of credit delivered to Manufacturer concurrently therewith.

ARTICLE VI - ACCEPTANCE OF THE CARS

6.1 Within two (2) days after being advised by the Manufacturer that Cars are ready for acceptance, the Company shall arrange for its authorized representative to attend at the Manufacturer's plant at Tracy (Sorel), Quebec, in order to inspect each Car as it is produced and issue in duplicate a Report of Car Inspection and Acceptance for each such Car in the form of Annex No.2 attached hereto. Said representative shall remain at the Manufacturer's plant until completion of all Cars and shall promptly inspect each Car upon its completion. Immediately after inspection of each Car, said representative shall sign the Report of Car Inspection and Acceptance in respect of such Car or specify in writing to the Manufacturer the reasons why such report is not signed.

6.2 The completed Cars are to be accepted at the Manufacturer's plant in Tracy (Sorel) on a daily basis by said Company's authorized representative and the said Report of Car Inspection and Acceptance in respect of a Car signed by said representative shall be final and binding for all purposes on the Company but subject to Article IX hereof.

6.3 Title to each Car shall pass from the Manufacturer to the Company upon delivery thereof in accordance with Article IV hereof.

ARTICLE VII - DELAYS

7.1 The Manufacturer shall not be held responsible for delays caused by labour troubles, strikes, riots, acts of God, fires, unpreventable accidents, delays in the delivery of materials to the Manufacturer and happenings beyond the control of the Manufacturer provided that such delays are not caused by the fault of the Manufacturer.

ARTICLE VIII - TIME MATERIAL

8.1 Time shall be deemed to be of the essence of this agreement.

ARTICLE IX - GUARANTEE

9.1 The Manufacturer guarantees, which guarantee shall inure exclusively to the benefit of the Company, that if any Car fails while in normal use or service because of defective material or faulty workmanship within one (1) year from the date of the Report of Car Inspection and Acceptance for such Car, the Manufacturer shall repair or replace each defective manufactured part or shall make good such faulty workmanship, free of charge, F.O.B. Manufacturer's factory. Materials and specialties not manufactured by the Manufacturer are guaranteed only to the extent effectively provided to the Manufacturer by the respective manufacturer of such.

9.2 The Manufacturer shall not be liable, for expense or otherwise, with respect to alterations, repairs, or replacements made without its express authorization, or for any damage of any kind or nature whatsoever, whether direct or consequential, its entire liability being limited strictly to the repair or replacement in the manner aforesaid of defective manufactured parts failing within the time specified or the making good of faulty workmanship appearing

within the time specified. Unless return is waived, defective parts shall be returned to the Manufacturer at its factory, all transportation charges prepaid. Any part repaired or shipped in replacement of a defective part is warranted only for the balance of the guarantee period applicable to the Car.

9.3 In order for the foregoing guarantee to be effective, written notice of any and all claims in respect of any such failure occurring within the time specified must be given by the Company to the Manufacturer promptly after the occurrence of such failure, provided however, that no such notice in respect of a Car shall be effective if given more than fifteen (15) months after the date of the Report of Car Inspection and Acceptance for such Car. The Company shall give the Manufacturer every reasonable opportunity of inspecting and remedying the same.

9.4 This guarantee shall apply only to the defects that appear under proper use of the Cars and in particular this guarantee does not cover defects arising from faulty maintenance or from alterations carried out without the Manufacturer's consent in writing or from repairs carried out improperly. This guarantee does not cover normal wear and tear.

9.5 The Manufacturer's guarantee as set forth in this Article IX is exclusive and is in lieu of, and the Company hereby waives, all other guarantees and warranties, expressed or implied.

9.6 The guarantee herein contained may not be assigned, sold, transferred or ceded to third parties, and without limiting the generality thereof, specifically shall not avail in favour of subsequent purchasers, transferees, pledgees and/or lessees of the Cars. In the event of the sale, pledge, transfer and/or lease of the Cars by the Company to third persons, the Company hereby undertakes to insert in the appropriate agreement, as an essential condition thereto, a clause to the following effect:

"The purchaser, transferee, pledgee or lessee (as the case may be) hereby acknowledges that there does not exist in its favour a manufacturer's warranty with respect to the Cars and further renounces and waives any and all rights and recourses which it has or may have against Marine Industrie Limitée, Sorel, Quebec, Canada, and/or its subsidiaries and/or its affiliates, arising out of the manufacture of the Cars, including but without limiting the generality of the foregoing, design, workmanship and material."

Notwithstanding anything herein to the contrary the parties hereto specifically agree and without which agreement the present contract would not have been entered into that the sale, transfer, pledge and/or lease of the Cars by the Company shall not affect the guarantee as granted to the Company by the Manufacturer and the right of the Company to invoke and enforce same against the Manufacturer either (i) in its personal capacity as holder of the contractual warranty which shall survive in favour of the Company in the event that the latter shall sell, transfer, pledge, lease or otherwise dispossess itself of the Cars and/or (ii) as trustee holding in accordance with American law the said contractual warranty in trust and/or on behalf of subsequent purchasers, transferees, pledgees and/or lessees. Nothing herein contained shall in any way be construed as giving to any beneficiary under any such trust the right to proceed directly against Manufacturer.

The Manufacturer recognizes that the Company has, and agrees not to raise as a defense the lack of, a sufficient legal interest to sue the Manufacturer under article 9 hereof while acting in either and/or both of the capacities mentioned in (i) or (ii) above.

The Manufacturer specifically recognizes and acknowledges the right of the Company to act in either and/or both of the capacities hereinabove mentioned for the purpose of enforcing the contractual warranty.

In the event of any judicial proceedings instituted by a purchaser, transferee, pledgee and/or lessee of Cars against the Manufacturer and/or its subsidiaries and/or its affiliates, the Company shall intervene in same forthwith and invoke and enforce the clause referred to in this article 9.6 for the benefit of the

9.7 The foregoing provisions of article 9.6 shall in no way be construed and/or interpreted as limiting or restricting in any manner whatsoever any rights the Company may have to seek indemnification or to institute recourse or proceedings against the Manufacturer and/or its subsidiaries and/or its affiliates for any amounts it may be called upon to pay to third parties.

9.8 In the event of judicial proceedings being instituted against the Company by a subsequent purchaser, transferee, pledgee and/or lessee relating to the manufacture of the Cars, the Manufacturer shall, at the expense of the Company, cooperate with the Company.

ARTICLE X - PATENTS

10.1 The Manufacturer shall indemnify the Company against any judgment for damages and costs which may be rendered against the Company in any suit brought on account of the alleged infringement of any United States or Canadian patent by the Cars, unless made in accordance with materials, designs or specifications furnished or designated by the Company, in which case the Company (but not any transferee) shall indemnify the Manufacturer against any judgment for damages and costs which may be rendered against the Manufacturer in any suit brought on account of the alleged infringement of any United States or Canadian patent by the Cars or by such materials, designs or specifications; provided that prompt written notice be given to the party from whom indemnity is sought of the bringing of the suit and that an opportunity be given to such party to settle or defend it as that party may see fit and that every reasonable assistance in settling or defending it shall be given. Neither the Manufacturer nor the Company shall in any event be liable to the other for special, direct, indirect, incidental or consequential damages arising out of or resulting from infringement of patents.

OPINION OF COUNSEL

Rex Leasing, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632
U.S.A.

Dear Sirs: -

As counsel for Marine Industrie Limitée (the "Seller") we advised the Seller, in connection with the sale by the Seller to Rex Leasing, Inc. (the "Buyer") of the equipment described on the attached schedule (the "Equipment").

We have examined a Bill of Sale ("Bill of Sale") dated , 1960 for the Equipment in favour of the Buyer and signed by the Seller. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records or other instruments as we have deemed necessary or advisable for the purpose of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Seller is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as conducted on the date hereof;
2. The Equipment, at the time of delivery thereof to the Buyer, was free from all claims, liens, security interests and other encumbrances arising from, through or under the Seller except for liens in respect of the purchase price for the Equipment, which liens will cease to exist when said purchase price is paid.
3. The Bill of Sale has been duly authorized, executed and delivered by the Seller, is valid and enforceable and, assuming that the Buyer has the capacity to be vested with good title to the Equipment, transfers on the date of delivery of the Equipment to the Buyer as set

forth in the Bill of Sale all right, title and interest in and to the Equipment to the Buyer free of all claims, liens and encumbrances of any nature arising from, through or under the Seller except for liens in respect of the purchase price for the Equipment, which liens will cease to exist when said purchase price is paid.

You are hereby authorized to rely upon this opinion in rendering opinions concerning the Equipment.

Yours very truly,

Rex Leasing, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey
U.S.A.

November 30th, 1979

Dear Sirs:

Reference is made to the purchase agreement ("Purchase Agreement") dated as of the first day of November, 1979 between Rex Leasing, Inc. ("Rex") and Marine Industrie Limitée ("MIL") for the sale by MIL to Rex and the purchase by Rex from MIL of 800 100-ton steel covered hopper cars with 4,650 cubic feet capacity each.

Specific reference is made to Article 15.1 of the Purchase Agreement wherein it is stated that Rex may not in any way assign the Purchase Agreement, in whole or in part, without the prior written consent of MIL. (Subject to compliance with the following conditions, MIL hereby gives such prior written consent to the assignment of the Purchase Agreement by Rex to third parties:)

1. the liability of Rex to MIL under the Purchase Agreement shall not in any way be affected;
2. the liability of Rex Noreco, Inc. to MIL under the Letter of Guarantee dated November , 1979 shall not in any way be affected;
3. the Letter of Credit dated November , 1979 by Citibank N.A. in favour of MIL shall not in any way be affected;
4. the maximum number of assignees shall not exceed five (5);
5. the rights and obligations assigned shall be in respect of not less than 100 railway cars for each assignee;
6. no such assignment shall in any way, directly or indirectly, be for the benefit of a user of railway cars operating primarily in Canada;
7. no such assignment shall in any way, directly or indirectly, be for the benefit of any customer of MIL;

8. MIL shall be advised in writing of any such assignment at least fifteen (15) days before any such assignment and MIL shall be furnished with the name of the assignee and with a copy of the proposed assignment.

It is also understood that any consent which we may give to an assignment of the Purchase Agreement shall include the right to assign the contractual warranty provided for in Article 9 of the Purchase Agreement.

This letter is intended solely for use by the company to which it is addressed and should under no circumstances be relied upon by any other person other than a permitted assignee.

Yours truly,

MARINE INDUSTRIE LIMITEE

By: _____

By: _____

*including
this consent,*

ARTICLE XI - SHIPPING INSTRUCTIONS

11.1 The Company shall provide the railway company at Tracy (Sorel) with proper shipping instructions forthwith after the inspection and acceptance of the first Car manufactured.

ARTICLE XII - ARBITRATION

12.1 Should any dispute as to the drawings and specifications hereto attached as Annex No.1 arise out of this Agreement with respect to the Cars, the parties hereto may, without prejudice to any of their rights hereunder, submit such dispute to a mutually acceptable technically qualified arbitrator designated jointly by the parties, and whose decision shall be final and binding upon the parties.

ARTICLE XIII - CONTROLLING LAW

13.1 This Agreement shall be construed in accordance with the Laws of the Province of Quebec and for all purposes shall be deemed to have been made in the said Province and to be performed there, and the Courts of that Province shall (subject to Article 12.1 hereof) have exclusive jurisdiction over all disputes which may arise between the Manufacturer and the Company directly or indirectly under this Agreement or otherwise; provided that nothing herein contained shall prevent the Manufacturer from (i) proceeding at its election against the Company in the Courts of any other jurisdiction or (ii) waiving in writing the exclusive jurisdiction granted hereby to the Courts of the Province of Quebec.

ARTICLE XIV - PREVALENCE

14.1 In the event of any inconsistency between the provisions of the foregoing Articles of this Agreement and the provisions of the drawings and specifications forming part hereof, the provisions of the foregoing Articles of this Agreement shall prevail.

ARTICLE XV - ASSIGNMENT

15.1 Subject to Article 15.3 hereof, this Agreement may not and shall not in any way be assigned by the Company, in whole or in part, without the prior written consent of the Manufacturer.

15.2 The Manufacturer may, at its option, but without affecting in any way its liability hereunder, assign its rights and obligations under this Agreement, with the Company's prior written consent, which consent shall not be unreasonably withheld.

15.3 This Agreement may however be assigned by the Company to Citibank, N.A. as collateral security for the purpose of the Company obtaining the letter of credit referred to in Article 5.2 hereof.

15.4 Notwithstanding the provisions of Article 15.2 hereof, the Manufacturer may freely subcontract any part of the manufacturing of the Cars under this Agreement.

15.5 Nothing in article 15.1 hereof shall limit the right of the Company to lease the Cars upon such terms and conditions and to such lessees as it shall determine.

ARTICLE XVI - BILLS OF SALE, INVOICES AND OPINIONS OF COUNSEL

16.1 On the working day following the delivery of Cars, the Manufacturer agrees to issue a bill of sale in the form of Annex No.3 attached hereto for all such Cars delivered. Such bills of sale shall be delivered in escrow to Battle, Fowler, Jaffin, Pierce & Kheel, attorneys for the Company, and shall not be released until said attorneys have received confirmation from the Manufacturer that the purchase price for the Cars referred to in said bills of sale has been paid in full in accordance with this agreement.

16.2 The Manufacturer shall deliver invoices setting forth the purchase price with respect to all Cars for which payment is due not less than three (3) days before such payment is due.

16.3 The Manufacturer shall request its counsel to execute and deliver, on the working day following the delivery of Cars, opinions substantially in the form attached hereto as annex No. 4 with respect to all such Cars delivered.

ARTICLE XVII - PAINTING OF CARS

17.1 The Company shall, on or before May 1, 1980, request a colour scheme ^{or schemes} for the Cars and, provided such colour scheme is reasonable, all Cars shall be painted in accordance with such request.

ARTICLE XVIII - NOTICES

18.1 Any notice to be given under this Agreement shall be in writing and shall be sufficiently given if hand delivered or send by prepaid first class mail. For the purposes of this Agreement, the mailing addresses of the parties shall respectively be:

REX LEASING, INC.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632
U.S.A.

with a copy to:

BATTLE, FOWLER, JAFFIN, PIERCE & KHEEL
280 Park Avenue
New York, New York 10017
U.S.A.

Att: Mr. Thomas E. Kruger

MARINE INDUSTRIE LIMITEE
C.P./Box 550
Tracy (Sorel), Quebec, Canada
J3P 5P5

Att: Vice-President, Railway Car Division

with a copy to:

MARINE INDUSTRIE LIMITEE
1010 Sherbrooke Street West, Suite 910
Montreal, Quebec
H3A 2R7

Att: General Counsel

or such other address as to which any of the foregoing may from time to time notify the others in writing as aforesaid.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year above written.

REX LEASING, INC.

By: _____

MARINE INDUSTRIE LIMITEE

By: _____

and

By: _____

ANNEX NO. 3

BILL OF SALE

Marine Industrie Limitée (hereinafter called the "Seller"), in consideration of the sum of one dollar (\$1) and other good and valuable consideration the receipt of which is hereby acknowledged, does hereby deliver this Bill of Sale as evidence that on the date of delivery to and acceptance by Rex Leasing, Inc. (hereinafter called the "Buyer") of the equipment described below, Seller did grant, bargain, sell, transfer and set over unto the Buyer, its successors and assigns all right, title and interest of the Seller to the following units of railroad equipment which have been delivered by the Seller to the Buyer:

(see attached Schedule A)

To have and to hold all and singular all right, title and interest of the Seller to the railroad equipment above described to the Buyer, its successors and assigns, for its and their own use and behalf forever.

The said units of railroad equipment have not been used or held for use by the Seller or any other party prior to delivery to the Buyer, although the Seller may have stored some or all of said units of railroad equipment pending their delivery to the Buyer. No materials or parts used in the manufacture of any of said units of railroad equipment have been used, reconstructed or rebuilt.

And the Seller hereby warrants to the Buyer, its successors and assigns, that at the time of delivery of each of the above described units of railroad equipment to the Buyer, the Seller had legal title to such units and good and lawful right to sell such units, and the title to such units was free and clear from all claims,

liens, security interests and encumbrances of any nature and passed to the Buyer, and the Seller covenants that it will warrant and defend such title against all claims and demands whatsoever.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed in its name by duly authorized officers, the day of _____, 197 .

MARINE INDUSTRIE LIMITEE

By: _____

By: _____

EXHIBIT B

November 28, 1979

Rex Leasing, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

Attention: Mark A. Salitan

Re: Proposed Public Offering
of Covered Hopper Railcars

Dear Sirs:

This is to express our understanding of certain of the terms and conditions pursuant to which (i) Merrill Lynch Leasing Inc. ("ML Leasing") will advise Rex Leasing, Inc. ("Rex Leasing") on the structure of a management program for up to 1,800 covered hopper railcars (the "Cars") to be subjected to leases (the "Leases") with various shippers and railroads as lessees (the "Lessees") and (ii) Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") will act as placement agent for the public offering of the Cars and the opportunity to participate in the management program.

Immediately upon the Securities and Exchange Commission declaring effective the Registration Statement referred to below (the date on which such effectiveness occurs being the

"Effective Date"), Merrill Lynch and Rex Leasing shall enter into the Placement Agency Agreement (the "Agency Agreement"), attached hereto as Exhibit A, and Merrill Lynch shall act as placement agent for the Cars pursuant thereto, and ML Leasing and Rex Leasing shall enter into the Advisory Services Agreement, attached hereto as Exhibit B, if all of the following conditions have been waived by us or satisfied prior to the Effective Date: (i) we shall have completed to our satisfaction such due diligence investigation as we deem appropriate, including, but not limited to, the final inspection of the Cars, (ii) each Lessee which has not been in business for at least five years and has not operated at a profit for each of its four fiscal years immediately preceding the Effective Date shall be acceptable to us as to creditworthiness, (iii) Leases for all Cars offered pursuant to the Registration Statement referred to below (which shall be at least 950) shall have been executed on or before the fifth business day prior to the Effective Date, (iv) at least 75% of the Cars shall have been leased to shippers and all Leases shall contain a prohibition against the use of Cars to carry corrosive materials, (v) all Leases which depart from the forms acceptable to ML Leasing shall be on terms and conditions substantially as favorable to the lessor thereunder as the terms and conditions of such forms of leases, and each Lease shall contain a monthly lease rate factor which is not less than 1.1% of the cost of the Cars to the purchasers exclusive of the commencement fee, the

\$200 per Car reserve for storage, transit and switching and the ICC recording fee (e.g., with respect to the Cars made by Marine Industrie Limitee, such cost will include the costs of the letter of credit, foreign exchange contracts, brokerage fees, import duties and embargo insurance and any transit costs included in the invoice cost), (vi) purchase agreements (including a description of the Cars) between Rex Leasing and the manufacturers of the Cars providing for the purchase of at least 950 Cars, satisfactory to us, shall have been executed on or before the Effective Date (it being understood that we will indicate by November 28, 1979 whether the purchase agreements for the Cars manufactured by Marine Industrie Limitee and Pullman Incorporated are acceptable), (vii) Rex Leasing and ML Leasing shall have agreed upon the terms of the Management Agreement to the extent that such terms are not determined in Exhibit C hereto (it being understood that this condition is not waivable by any party hereto, notwithstanding anything herein to the contrary), (viii) there shall have been no change in the law and regulations, and the rules of the Association of American Railroads, applicable to the leasing or operation of covered hopper railcars making an investment in covered hopper railcars by a person other than a railroad materially less attractive than on the date hereof, (ix) the Registration Statement registering the Cars and the opportunity to participate in the management program under the Securities Act of 1933 shall have been declared effective on or prior to

April 8, 1980 and (x) Rex Leasing shall have tendered duly executed copies of the Agency Agreement and Advisory Services Agreement. If the conditions set forth in clauses (ii), (iii), (iv), (v) and (vi) in the preceding sentence have been waived by us or satisfied prior to the Effective Date, Rex Leasing and Merrill Lynch will bear expenses in connection with the public offering of the Cars in accordance with Section 4 of the Agency Agreement; provided, however, that if the conditions set forth in such clauses (ii), (iii), (iv), (v) and (vi) have been waived by us or satisfied and Rex Leasing does not enter into the Agency Agreement and the Advisory Services Agreement in accordance with this letter, then Merrill Lynch shall not bear any expenses in connection with the offering of the Cars, except that Merrill Lynch shall pay its own travel expenses, overhead expenses and direct personnel costs and the fees, disbursements and expenses of its counsel. Rex Leasing and Merrill Lynch agree to act in good faith in completing those provisions of the Agency Agreement which cannot be completed on the date hereof because the above mentioned Registration Statement has not yet been drafted. The parties hereto agree that the management program shall be structured in accordance with the Memorandum of Understanding attached hereto as Exhibit C. Merrill Lynch agrees to cooperate with Rex Leasing in submitting to the Securities and Exchange Commission Merrill Lynch's request for acceleration and

letter indicating its distribution of the preliminary prospectus and any amended preliminary prospectus.

Very truly yours,

Merrill Lynch, Pierce, Fenner
& Smith Incorporated

By Lester Schoupsfeld
Vice President

Merrill Lynch Leasing Inc.

By Lester Schoupsfeld
Exec. Vice President

Acknowledged and accepted:

Rex Leasing, Inc.

By Robert M. Chaker
Executive Vice President

DRAFT, 11/20/79

REX COVERED HOPPER RAILCAR MANAGEMENT PROGRAM 1980-1

PLACEMENT AGENCY AGREEMENT

, 1980

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Liberty Plaza
165 Broadway
New York, New York 10080

Dear Sirs:

Rex Covered Hopper Railcar Management Program 1980-1 (the "Issuer" or the "Management Program") proposes, subject to the terms and conditions stated herein, to offer for sale through the agency of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as placement agent, up to 1800 covered hopper railcars (the "Cars") from Rex Leasing, Inc., a New Jersey corporation ("Rex Leasing"), to be managed by Rex Leasing in the Management Program. Each prospective investor subscribing to purchase one or more Cars (collectively, the "Purchasers") will be required to enter into a Covered Hopper Railcar Purchase Contract (the "Purchase Contract") substantially in the form attached as an exhibit to the Prospectus, hereinafter referred to, and will have the opportunity to enter into a management agreement (the "Management Agreement") with Rex Leasing, providing for the management of the Car or Cars purchased, substantially in the form attached to such Prospectus (the participation of a Car in the Management Program and such Car to be hereinafter collectively referred to as a "Unit"). Rex-Noreco, Inc., a New Jersey corporation ("Rex-Noreco"), owns all of the outstanding capital stock of Rex Leasing.

As described in detail in the Prospectus, Rex Leasing has entered into leases (the "Leases") for the Cars and will either assign its rights as lessor thereunder to the Purchasers or, to the extent that the Leases were entered into by Rex Leasing as agent for principals, amend or supplement the Leases to show the Purchasers as such principals.

Ref - Noreco and

each

Section 1. Representations and Warranties of Rex Leasing. Rex Leasing represents, warrants and agrees with you for your benefit that:

(a) The Issuer has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 2-) and a related preliminary prospectus for the registration of the Units under the Securities Act of 1933, as amended (the "1933 Act") and has filed such amendments thereto and such amended preliminary prospectuses as may have been required to the date hereof. The registration statement as amended and the amended prospectus on file with the Commission at the time the registration statement became effective are hereinafter called the "Registration Statement" and the "Prospectus", respectively, except that (i) if the Issuer files a post-effective amendment to the registration statement, then the term "Registration Statement" shall, from and after the declaration of the effectiveness of such post-effective amendment, refer to the registration statement as amended by such post-effective amendment thereto, and the term "Prospectus" shall refer to the amended prospectus then on file with the Commission and (ii) if the prospectus filed by the Issuer pursuant to either Rule 424(b) or (c) of the rules and regulations of the Commission under the 1933 Act (the "Regulations") differs from the prospectus on file at the time the Registration Statement or any post-effective amendment thereto becomes effective, the term "Prospectus" shall refer to the Rule 424(b) or (c) prospectus from and after the time it is mailed to the Commission for filing.

(b) At the time the Registration Statement initially becomes effective and at the time any post-effective amendment thereto becomes effective, the Registration Statement will comply in all material respects with the requirements of the 1933 Act and the Regulations and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time the Registration Statement becomes effective (unless the term "Prospectus" refers to the Rule 424(b) or (c) prospectus, in which case at the time it is mailed to the Commission for filing) and at each Closing Time referred to in Section 2, the Prospectus will

not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to Rex Leasing in writing by you expressly for use in the Registration Statement or Prospectus.

(c) On the date hereof Rex Leasing is, and at all times through the Last Closing Time referred to below will be, duly and validly organized, validly existing and in good standing as a corporation under the laws of the State of New Jersey with full power and authority to form Rex Covered Hopper Railcar Management Program 1980-1, to offer and sell the Units and to manage the Cars, as described in the Prospectus, and at each Closing Time Rex Leasing will be qualified to do business as a foreign corporation in each other jurisdiction in which such qualification is necessary in order to enable it to form Rex Covered Hopper Railcar Management Program 1980-1, to offer and sell the Units and to manage the Cars, as described in the Prospectus.

(d) On the date hereof Rex-Noreco is, and at all times through the Last Closing Time referred to below will be, duly and validly organized, validly existing and in good standing as a corporation under the laws of the State of New Jersey with full power and authority to perform its obligations hereunder and owns, and will own at all times through such Last Closing Time, all of the outstanding capital stock of Rex Leasing.

(e) Since May 1, 1979, neither Rex Leasing nor any person directly or indirectly affiliated with it has, either directly or through an agent, offered for sale, or solicited offers to buy, or otherwise approached or negotiated in respect of, the Cars or any other covered hopper railcars or any interest therein (other than the interest in such cars of the lessees under the Leases (as the prospective lessees thereof), prospective lenders providing secured debt financing therefor, ~~your~~ negotiations with the manufacturers thereof or ~~your~~ arrangements with Citibank, N.A. regarding the issuance of a

Rex Leasing's

letter of credit concerning the Cars manufactured by Marine Industrie Limitee), except for negotiations with a substantial financial institution or institutions to purchase the Cars and lease them to Rex Leasing under a net lease and negotiations with you and your activities under this Agency Agreement, unless, in the case of such other covered hopper railcars or any interest therein, Rex Leasing's counsel (who shall be Battle, Fowler, Jaffin, Pierce & Kheel or other counsel acceptable to Brown, Wood, Ivey, Mitchell & Petty) has delivered their opinion, which is in form and substance satisfactory to Brown, Wood, Ivey, Mitchell & Petty, to the effect that such other cars or interests therein or any management program (or similar arrangement) therefor are not part of the same "issue" as the Cars and the management program therefor; and Rex Leasing agrees that prior to the Offering Termination Date hereinafter referred to neither Rex Leasing, any of its affiliates nor anyone other than you acting on behalf of Rex Leasing will (i) offer the Cars or any interest therein (except as aforesaid with respect to lessees, lenders, manufacturers, Citibank, N.A., substantial financial institutions and you) for sale to, or solicit any offers to purchase the Cars or any interest therein (except as aforesaid with respect to lessees, lenders, manufacturers, Citibank, N.A., substantial financial institutions and you) from, or, except as you may specifically request, otherwise approach or negotiate in respect thereof with, any other person or persons or (ii) offer any other covered hopper railcars or any interest therein for sale to, or solicit any offers to purchase such cars or interests therein from, or negotiate in respect thereof with, any other person unless Rex Leasing shall have received the opinion of its counsel referred to above in this Section 1(e) with respect to such cars or interest.

(f) The accountants, if any, who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the Regulations.

(g) The financial statements, if any, of Rex Leasing and/or any of its affiliates included in the Registration Statement present fairly the financial position of such entity or entities as at the dates indicated and the results of its operations for the periods specified; said financial statements have been

or therei

prepared in conformity with generally accepted accounting principles applied on a consistent basis; the supporting schedules, if any, of Rex Leasing and/or any of its affiliates included in or incorporated by reference in the Registration Statement present fairly the information required to be stated therein; and since the date of the most recent balance sheet, if any, included in the Registration Statement through the date hereof there has not been, and through each Closing Time referred to below there will not have been, any material adverse change in the financial position of such entity or entities.

(h) Since January 31, 1980 or, to the extent applicable, the respective dates as of which information is given in the Registration Statement, except as may otherwise be stated therein, (A) there has not been any material adverse change in the condition, financial or otherwise, of Rex Leasing or Rex-Noreco, or in the earnings, affairs or business prospects of Rex Leasing or Rex-Noreco, whether or not arising in the ordinary course of business, (B) there have not been any material transactions entered into by Rex Leasing, other than those in the ordinary course of business, and (C) no action, suit or proceeding at law or in equity is pending or, to the knowledge of Rex Leasing or Rex-Noreco, threatened against or affecting Rex Leasing or Rex-Noreco, before or by any governmental official, commission, board or other administrative agency, wherein an unfavorable decision, ruling or finding would materially adversely affect the consummation of this Agreement.

and Rex-Noreco
(i) This Agreement has been duly and validly authorized, executed and delivered by or on behalf of Rex Leasing, and constitutes a valid, binding and enforceable agreement of Rex Leasing.

(j) On or prior to each Closing Time referred to below, each Purchase Contract entered into by Rex Leasing at such Closing Time will have been duly and validly authorized, executed and delivered by or on behalf of Rex Leasing and will constitute the valid, binding and enforceable agreement of Rex Leasing, and on or prior to each such Closing Time, each Management Agreement entered into by Rex Leasing at such Closing Time will have been duly and validly authorized,

executed and delivered by or on behalf of Rex Leasing and will constitute the valid, binding and enforceable agreement of Rex Leasing.

(k) The execution and delivery of this Agreement, each Purchase Contract and each Management Agreement and the incurrence of the obligations herein and therein set forth and the consummation of the transactions described or contemplated herein and therein and in the Prospectus will not constitute a breach of, or default under, any instrument by which Rex-Noreco or Rex Leasing is bound or any order, rule or regulation applicable to Rex-Noreco or Rex Leasing or the proposed operation of the Cars, as described in the Prospectus, of any court or any governmental body or administrative agency having jurisdiction over Rex-Noreco or Rex Leasing or the Cars or the proposed operation of the Cars or any rule of the Association of American Railroads.

respectively,
Any certificate signed by any officer of Rex Leasing and delivered to you or your counsel shall be deemed a representation and warranty by Rex Leasing as to the matters covered thereby.

Rex-Noreco
Rex-Noreco and
Section 2. Offering and Sale of Units - Closing Time.

(a) On the basis of the representations, warranties and covenants herein contained, but subject to the terms and conditions herein set forth, you are hereby appointed the exclusive agent of Rex Leasing during the Offering Period herein specified for the purpose of finding qualified Purchasers for the account and risk of Rex Leasing through the public offering herein contemplated. Subject to the performance by Rex Leasing of its obligations to be performed hereunder, and to the completeness and accuracy of all of the representations and warranties contained herein, you hereby accept such agency and agree on the terms and conditions herein set forth to use your best efforts during the Offering Period to find qualified Purchasers. It is anticipated that Cars will be delivered by the manufacturers in the following quantities on a cumulative basis by the following dates (the "Initial Delivery Dates"): 100 Cars by July 15, 1980; 390 Cars by August 15, 1980; 890 Cars by September 15, 1980; 1,080 Cars by October 15, 1980;

and 1,200 Cars by November 15, 1980. You shall find Purchasers so that on the last day (the "Subscription Date") of the second month next preceding the month of an Initial Delivery Date you shall have received Purchase Contracts signed by Purchasers for a number of Cars at least equal to the number of Cars to be delivered (on a cumulative basis) on such Initial Delivery Date plus 150 and on the fifteenth day (the "Contract Date") of the month next preceding the month of such Initial Delivery Date there shall have been closings pursuant to Section 2(f) for a number of Cars at least equal to the number of Cars to be delivered (on a cumulative basis) on such Initial Delivery Date plus 50; provided, however, that you need not have received Purchase Contracts signed by Purchasers, and there need not have been closings pursuant to Section 2(f), for more than 1,200 Cars on any Subscription Date or Contract Date. Rex Leasing shall inform you on a weekly basis commencing on May 5, 1980 whether the manufacturers of the Cars anticipate delivering the number of Cars anticipated in this Section 2(a) to be delivered by the next succeeding Initial Delivery Date and, if they anticipate delivering such number of Cars by a date later than such Initial Delivery Date, such later date (the "Revised Delivery Date") by which they do anticipate delivering, on a cumulative basis, such number of Cars. Such information concerning delivery dates for the Cars shall include copies of the most recent written communications from the manufacturers concerning delivery dates for the Cars. To the extent that an Initial Delivery Date has been postponed to a Revised Delivery Date, then the Subscription Date and Contract Date related to such Initial Delivery Date shall be postponed by as many days as such Initial Delivery Date has been postponed to the Revised Delivery Date. The Offering Period for the Units shall commence upon the effective date of the Registration Statement and terminate on the earlier of (i) December 31, 1980 and (ii) the giving of written notice of termination of the Offering Period pursuant to this Section 2(a) by you to Rex Leasing or by Rex Leasing to you, which notice may be given only after any Subscription Date (after giving effect to the preceding sentence) on which Purchase Contracts signed by Purchasers for the number of Cars, on a cumulative basis from the commencement of the Offering Period, due on such date pursuant to this Section 2(a) have not been received by you or any Contract Date (after giving effect to the preceding

A) after there shall have been closings pursuant to Section 2(f) for all of the Cars covered by the Registration Statement or (B).

sentence) on which closings pursuant to Section 2(f) for the number of Cars, on a cumulative basis from the commencement of the Offering Period, due on such date pursuant to this Section 2(a) have not occurred, as the case may be (the close of business on such earlier date being hereinafter referred to as the "Offering Termination Date"). In the event that manufacturers are able to deliver more than 1200 Cars, then at your election Rex Leasing and you may agree to adjust the number of Cars for which you must have received Purchase Contracts signed by Purchasers on any Subscription Date and/or for which closings must have occurred pursuant to Section 2(f) on any Contract Date. Your agency hereunder, which is coupled with an interest and, therefore, is not terminable by Rex Leasing without your permission, shall continue until the termination of the Offering Period, except that if Purchase Contracts signed by Purchasers for Cars have been received prior to the termination of the Offering Period and a closing for such Cars has not occurred pursuant to Section 2(f), your agency shall continue through, but shall terminate at, the Last Closing Time referred to herein, which Last Closing Time shall not occur after December 31, 1980 or more than 15 days after the notice referred to in clause (ii) above. You are not authorized to, and shall not, solicit subscriptions for Cars during any such continuance of the Offering Period to the Last Closing Time (other than subscriptions for Cars which you have received prior to such continuance).

(b) Units may be offered to investors who tender the amount of the purchase price and who make the representation that each such investor either (i) has a net worth (exclusive of homes, home furnishings and personal automobiles) equal to an amount at least \$100,000 in excess of the gross purchase price for the Cars which he, she or it proposes to acquire, (ii) has had for each of the past two taxable years, and expects to have during each of the current and the next four taxable years, gross income from all sources in excess of \$100,000, (iii) has a net worth (exclusive of homes, home furnishings and personal automobiles) equal to an amount at least \$50,000 in excess of the gross purchase price of the Cars which he, she or it proposes to acquire and has had for each of the past two taxable years, and expect to have during each of the current and the next four taxable years, gross income from all

sources in excess of \$60,000 or (iv) satisfies any more restrictive suitability standard required under applicable "blue sky" laws.

(c) You shall maintain for five years from the Offering Termination Date a record of any information which may be obtained by you to indicate that each Purchaser is within the permitted class of investors under the requirements of Section 2(b).

(d) If, prior to the Offering Termination Date, there shall have been received from one or more Purchasers acceptable to Rex Leasing Purchase Contracts in form and substance satisfactory to Rex Leasing, then, subject to the provisions of Section 2(f), from time to time thereafter one or more closings of the purchase and sale of Cars may be held at your offices, One Liberty Plaza, 165 Broadway, New York, New York 10080, or at such other place as shall be agreed upon between you and Rex Leasing.

(e) Subject to the provisions of Sections 2(d) and 2(f), a closing of the purchase and sale of Cars shall take place at 11:00 A.M., New York City Time, on the fifth full business day, or such other day and time (not later than ten business days thereafter) as shall be agreed upon between you and Rex Leasing (a "Closing Time") following notice from you to Rex Leasing or Rex Leasing to you that there have been received from Purchasers who have agreed to purchase, in the aggregate, such number of Cars as Rex Leasing or you consider appropriate for sale at that time, Purchase Contracts satisfactory to Rex Leasing and funds sufficient to pay the purchase price for the Cars which such Purchasers have agreed to purchase. The Closing Time for the last Car or Cars purchased by any Purchaser, as provided herein, is referred to herein as the "Last Closing Time". The Closing at the Last Closing Time shall include those Cars for which you have received subscriptions prior to the notice pursuant to clause (ii) of Section 2(a).

(f) At each Closing Time, if (i) the Purchasers are acceptable to Rex Leasing, (ii) the conditions described in Section 5 hereof are satisfied or waived, (iii) original use, for Federal income tax purposes, of each Car then to be sold will commence with the Purchaser thereof and (iv) each of such Purchasers' Cars

will be placed in service not later than December 31, 1980, there shall be delivered on behalf of each such Purchaser two copies of the Purchase Contract signed by such Purchaser, two copies of the Management Agreement signed by such Purchaser and the full amount of the purchase price for the Cars which such Purchaser has agreed to purchase, and Rex Leasing shall enter into such Purchase Contract and Management Agreement and redeliver one copy of each such agreement and shall deliver appropriate evidence of such Purchaser's title to such Cars; provided, however, that if, in order to assure that the Purchasers will be treated as the "first users" of the Cars, the Cars are sold, or Rex Leasing's right, title and interest in the Cars is transferred, to the Purchasers in advance of the time that the Cars are available to be placed in service or in advance of the time that payment for the Cars is required to be made to the manufacturer of the Cars, then the purchase price for the Cars shall not be payable, and such appropriate evidence of the Purchaser's title thereto need not be delivered, until the later to occur of delivery of the Cars to the Purchasers and the obligation to pay the manufacturer of the Cars the invoice purchase price therefor.

(g) All amounts paid by Purchasers in payment of the purchase price for Cars will be deposited with the Escrow Agent, and all payments of, from or on account of funds so received from Purchasers shall be made pursuant to the Escrow Deposit Agreement attached hereto as Exhibit A.

(h) If any payment and delivery provided for in Section 2(f) is made at any Closing Time (or later upon payment of the purchase price to the manufacturer), then Rex Leasing, as compensation for your services, will pay or cause to have paid to you, at such Closing Time (or upon payment of the purchase price to the manufacturer, if later) and by a certified or official bank check or a check in immediately available funds, a placement agent's fee for each Car sold pursuant to Section 2(f) in an amount equal to 2.5% of the manufacturer's invoice price for such Car.

(i) At your sole discretion, subscriptions for Cars may be solicited by certain dealers selected by you (the "Selected Dealers") and sales by Selected Dealers shall be made under a Selected Dealer Agreement. ①

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(1) It is understood that Rex Leasing will allocate the Cars for delivery to the Purchasers in its sole discretion, except that it will not allocate to Purchasers Cars manufactured by Marine Industrie Limitee if (A) such Cars are not expected to be available for delivery earlier than 10 days after the date on which Cars made by another manufacturer would be available for delivery and (B) such other manufacturer has indicated that it would impose storage charges on such Car if not then delivered.

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substantially in the form attached hereto as Exhibit B. Pursuant to Selected Dealer Agreements, you will pay each Selected Dealer a concession of % of the manufacturer's invoice cost of each Car sold pursuant to a Purchase Contract solicited by such Selected Dealer.

(j) On a weekly basis from the time the Registration Statement becomes effective to the Offering Termination Date, you shall transmit to Rex Leasing in writing information on the status of the sale of the Units, including the number of Cars for which orders have been received and the amount of the deposit made toward the purchase price of such Cars (if such deposit information is available), the number of Cars for which Purchase Contracts have been received and the number of Cars for which 100% of the purchase price therefor has been deposited with the Escrow Agent and the Purchase Contracts and Management Agreements are complete on their faces.

(k) You will offer the Units for sale, or solicit offers to buy the Units, or otherwise negotiate with any person with respect to any Units, only in such manner and in such circumstances as your counsel advise is in compliance with the securities or "blue sky" laws of the jurisdictions designated by you in accordance with the provisions of Section 3(g), which advice of your counsel (which shall not be understood to constitute an opinion of law) may be based upon an examination of the statutes and regulations, if any, of such jurisdictions as reported in standard compilations and upon interpretive advice obtained from representatives of certain securities commissions, and you may rely upon the representations of such persons in determining compliance with any suitability requirements of such laws.

Rider 11A (1) From the time the Registration Statement becomes effective to the Offering Termination Date, you shall not act as a placement agent in the sale of covered hopper railcars, other than a sale or sales to a substantial financial institution or institutions or pursuant to this Agreement.

Section 3. Covenants of Rex Leasing. Rex Leasing covenants with you that:

(a) Rex Leasing will notify you immediately and confirm the notice in writing (i) of the effectiveness of the Registration Statement and any amendment thereto, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any proceedings for that purpose. Rex Leasing will make every reasonable effort to prevent the issuance of any stop order and, if any such stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Rex Leasing will not file any amendments to the Registration Statement or any amendment or supplement to the Prospectus (including a prospectus filed pursuant to Rule 424(b) or (c) which differs from the prospectus on file at the time the Registration Statement becomes effective) to which you or your counsel shall object.

(c) Rex Leasing will deliver to you as many signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits) as you may reasonably request and will also deliver to you such number of conformed copies of the Registration Statement as originally filed and of each amendment thereto (without exhibits) as you shall require for the purposes contemplated by the 1933 Act.

(d) Rex Leasing will deliver to you from time to time, before the Registration Statement becomes effective, such number of copies of the preliminary prospectus as originally filed and any amended preliminary prospectus, and as soon as the Registration Statement initially becomes effective and thereafter from time to time during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as you may reasonably request for the purposes contemplated by the 1933 Act or the Regulations and such number of copies of the Purchase Contract and Management Agreement as you may reasonably request.

(e) During the period when the Prospectus is required to be delivered pursuant to the 1933 Act, Rex

Leasing will comply, so far as it is able, with all requirements imposed upon it by the 1933 Act, as now and hereafter amended, and by the Regulations, as from time to time in force, so far as necessary to permit the continuance of sales of, or dealings in, the Units during such period in accordance with the provisions hereof and as set forth in the Prospectus. The expense of such compliance shall be borne in accordance with Section 4.

(f) If any event relating to or affecting Rex Leasing, any of its affiliates, the Cars, or the proposed operation of the Cars as described in the Prospectus shall occur as a result of which it is necessary, in the opinion of your counsel, to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is delivered to a Purchaser, Rex Leasing will forthwith prepare and furnish to you, a reasonable number of copies of an amendment or amendments of or a supplement or supplements to, the Prospectus (in form and substance satisfactory to your counsel) which will amend or supplement the Prospectus so that as amended or supplemented it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Prospectus is delivered to a Purchaser, not misleading. For the purposes of this subsection Rex Leasing will furnish such information with respect to itself, its affiliates and the Cars as you may from time to time reasonably request. The expense of preparing and delivering such amendment or supplement shall be borne in accordance with Section 4. Without limiting the foregoing in any way, Rex Leasing shall immediately inform you if there has been any dividend or distribution of any kind declared, paid or made by Rex Leasing on any class of its capital stock or there has been any change in the capital stock or any increase in the indebtedness, if any, of Rex Leasing.

(g) Rex Leasing will endeavor in good faith, in cooperation with you, to qualify the sale of the Units for offering and sale under the applicable securities or "blue sky" laws of such jurisdictions as you may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Units. In each jurisdiction where the

and, if it is unable to determine such form after using its best efforts, if it uses the form of the report to Car owners pursuant to Section — of the Management Agreement

Units shall have been qualified as above provided, Rex Leasing will make and file such statements and reports in each year as are or may be required by the laws of such jurisdiction.

(h) Rex Leasing will make generally available to holders of Units as soon as practicable, but not later than 30 days after the close of the period covered thereby, earnings statements of Rex Covered Hopper Railcar Management Program 1980-1 and of Rex Leasing (in form complying with the provisions of Section 11(a) of the 1933 Act, which need not be certified by independent public accountants unless required by the 1933 Act or the Regulations) covering the twelve-month period commencing the first day of the calendar quarter next following the first Closing Time with respect to Rex Covered Hopper Railcar Management Program 1980-1 and covering the twelve-month period commencing the first day of Rex Leasing's fiscal quarter next following the first Closing Time with respect to Rex Leasing. Rex Leasing shall be deemed to have complied with the requirements of this Section 3(h) as to the required form of the earnings statement for Rex Covered Hopper Railcar Management Program 1980-1 if it uses its best efforts to determine such form, such efforts to include discussions with the staff of the ~~Securities and Exchange Commission~~.

(i) Rex Leasing will furnish directly to you the following:

(i) as soon as practicable after the end of each fiscal year (so long as any Car is managed by Rex Leasing under any Management Agreement) one copy of the Rex Leasing annual report, including therein, respectively, the accountants' report, the balance sheet, the related statements of profit and loss and changes in financial position, together with such accountants' comments and notations with respect thereto in such detail as Rex Leasing may customarily receive from such accountants;

(ii) as soon as practicable after the end of each fiscal quarterly period, one copy of a balance sheet of ~~Rex Covered Hopper Railcar Management Program 1980-1~~ and of Rex Leasing (so

or could have filed with the Commission if it had remained obligated to file such reports, applications or documents with the Commission

long as any Car is managed by Rex Leasing under any Management Agreement) as at the end of such period, setting forth, respectively, in reasonable detail its financial position, together with related statements of profit and loss, none of which statements need be audited, but shall be certified as correct by an officer of Rex Leasing;

(iii) copies of any report, application or documents which Rex Covered Hopper Railcar Management Program 1980-1 or Rex Leasing (so long as any Car is managed by Rex Leasing under any Management Agreement) shall file with the Commission; and

(iv) as soon as the same shall be sent to holders of Units, each communication which shall be sent to holders of Units, including any annual or interim report of Rex Covered Hopper Railcar Management Program 1980-1 or of Rex Leasing.

(j) Rex Leasing will file with the Commission such reports on Form SR as may be required pursuant to Rule 463 of the 1933 Act.

Section 4. Payment of Expenses and Fees. Whether or not this Agreement becomes effective or the transactions contemplated by this Agreement are consummated or this Agreement is terminated, Rex Leasing will pay its expenses incident to the performance of its obligations under this Agreement, including but not limited to its travel expenses, overhead expenses and direct personnel costs and the fees, disbursements and expenses of its counsel and accountants in connection with the registration of the offering for sale of the Cars and the Units under the 1933 Act, and you shall pay your similar expenses incident to the performance of your obligations under this Agreement. Notwithstanding the preceding sentence, you and Rex Leasing shall each pay 50% of (i) expenses in connection with the printing, filing and delivery to you of the Registration Statement and all amendments thereto, of a preliminary prospectus and any amended preliminary prospectus, of the Registration Statement and any amendments thereto, of the Prospectus and any supplements or amendments thereto and the furnishing of copies thereof; (ii) the printing or photocopying of this Agreement, the Escrow Deposit Agreement, the Advisory Services Agreement and any other agreement incident to the offering; (iii) the

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fees, disbursements and expenses of (A) tax counsel who give the opinion attached as an Exhibit to the Prospectus, (B) counsel who give the opinion pursuant to Section 5(c), (C) any counsel who give opinions upon which counsel for Rex Leasing rely in giving their opinion pursuant to Section 5(b)(i) regarding the qualification of Rex Leasing to do business as a foreign corporation (but only to the extent such counsels' fees, expenses and disbursements exceed \$10,000 in the aggregate), (D) Canadian counsel retained by Rex Leasing in connection with the purchase of Cars from Marine Industrie Limitee, but only if you do not retain separate Canadian counsel in connection with such purpose, and (E) the accountants of Rex Leasing, to the extent that such accountants perform work related to any analytic models of Car operations contained in the Prospectus; (iv) the qualification of the Units under the securities or "blue sky" laws of the jurisdictions designated by you in accordance with Section 3(g), including filing fees and the fees and disbursements of counsel in connection therewith; (v) the fees and disbursements of the Escrow Agent; (vi) the filing fee of the National Association of Securities Dealers, Inc.; (vii) the printing and delivery to you of such number of copies as you may reasonably request of the Blue Sky Survey to be prepared by your counsel; (viii) your mailing and air courier expenses in connection with distributing the Prospectus and separate copies of the exhibits thereto to the offices of Merrill Lynch and offerees of the Units and collecting from such offerees copies of the Prospectus and any papers required to be executed by such offerees and their counsel, if any, in order to subscribe for Units; (ix) any expenses in connection with printing and distributing any supplemental sales material approved by Rex Leasing; and (x) the cost of printing and publishing such tombstone advertisements regarding the sale of Units as you deem appropriate.

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If this Agreement is terminated by you in accordance with the provisions of Section 5 or Section 8(b)(i), Rex Leasing shall reimburse you for all of your out-of-pocket expenses, including the reasonable fee and disbursements of your counsel, and you shall have no liability to Rex Leasing pursuant to the preceding paragraph or otherwise hereunder.

Section 5. Conditions of Your Obligations. Your obligations as placement agent hereunder shall be subject to the accuracy of and compliance with the representations and warranties of Rex Leasing, to the performance by Rex-Noreco and Rex Leasing of their obligations hereunder and to the following further conditions:

(a) The Registration Statement shall initially become effective not later than 5:00 P.M., New York City Time, on the date hereof, or, with your consent, at such later time and date as may be approved by you; at each Closing Time no stop order suspending the effectiveness thereof shall have been issued under the 1933 Act or proceeding therefor initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction.

(b) At each Closing Time you shall receive the opinion of Battle, Fowler, Jaffin, Pierce & Kheel, counsel for Rex Leasing, in form and substance satisfactory to your counsel, to the effect that:

Rex-Noreco

(i) Rex Leasing is, at the date hereof and at such Closing Time, duly and validly organized, validly existing and in good standing as a corporation under the laws of the State of New Jersey with full power and authority to offer, sell and manage the Cars, as described in the Prospectus, and at such Closing Time Rex Leasing is qualified to do business as a foreign corporation in each other jurisdiction in which the principal office of each manufacturer of Cars is located, a repair shop at which Rex Leasing has advised such counsel Cars are anticipated to be repaired is located or the principal office of the lessee under a Lease is located, and in Illinois.

(ii) Rex-Noreco is, at the date hereof and at such Closing Time, duly and validly organized, validly existing and in good standing as a corporation under the laws of the State of New Jersey with full power and authority to perform its obligations hereunder.

(iii) This Agency Agreement has been duly and validly authorized, executed and delivered by or on behalf of Rex-Noreco and Rex Leasing and constitutes the valid, binding and enforceable agreement of Rex-Noreco and Rex Leasing (except to the extent that you may have, or in the exercise of due diligence would acquire, knowledge of a material misstatement or omission in the Prospectus and except to the extent that the indemnity provisions contained in Section 6 hereof may be otherwise unenforceable under securities laws).

(iv) Each Purchase Contract and each Management Agreement entered into by Rex Leasing at such Closing Time has been duly and validly authorized, executed and delivered by or on behalf of Rex Leasing and constitutes the valid, binding and enforceable agreement of Rex Leasing.

(v) To the best of such counsel's information and knowledge, the execution and delivery of this Agency Agreement, each Purchase Contract and each Management Agreement and the incurrence of the obligations herein and therein set forth and the consummation of the transactions described or contemplated herein and therein and in the Prospectus will not constitute a breach of, or default under, any instrument by which Rex-Noreco or Rex Leasing is bound or any order, rule or regulation applicable to Rex-Noreco or Rex Leasing or the proposed operation of the Cars, as described in the Prospectus, of any court or any governmental body or administrative agency having jurisdiction over Rex-Noreco or Rex Leasing or the Cars or the proposed operation of the Cars (other than any order, rule or regulation arising under the Interstate Commerce Act or any rules promulgated thereunder, rules promulgated by the U. S. Department of Transportation, the Federal Railroad Safety Act or rules promulgated thereunder, any rule of the Association of American Railroads or any other legislation or rules promulgated thereunder relating specifically to railroads or to the ownership, operation or leasing of railcars).

(vi) No authorization, approval or consent of any governmental authority or agency is necessary in connection with the offer or sale of the Units, except such as may be required under state or Federal securities or "blue sky" laws, the Interstate Commerce Act or any rules promulgated thereunder, rules promulgated by the U. S. Department of Transportation, the Federal Railroad Safety Act or rules promulgated thereunder or any other legislation or rules promulgated thereunder relating specifically to railroads or the ownership, operation or leasing of railcars, and such as have already been received.

(vii) To the best of such counsel's knowledge there are no legal or governmental proceedings

pending to which Rex Leasing or any of its affiliates is a party or of which any property of Rex Leasing or any of its affiliates is the subject, other than as set forth in the Prospectus and other than litigation which individually and in the aggregate is not material; and to the best of such counsel's knowledge no such proceedings are threatened or contemplated by governmental authorities or by others.

(viii) The entire right, title and interest of Rex Leasing in the Leases with respect to the Cars purchased by Purchasers at such Closing Time will, upon transfer to them of title to such Cars, acceptance by Rex Leasing of such Cars from the manufacturers thereof on behalf of such Purchasers and identification of such Cars in an amendment or supplement to the Leases, have been conveyed to such Purchasers by a valid, binding and enforceable assignment of Rex Leasing or, to the extent that the Leases were entered into by Rex Leasing as agent for principals, the Leases will, upon transfer to the Purchasers of title to such Cars, acceptance by Rex Leasing of such Cars from the manufacturers thereof on behalf of such Purchasers and identification of such Cars in an amendment or supplement to the Leases, have been amended or supplemented so that the Purchasers at such Closing Time are the lessors under the Leases of the Cars purchased by them; to the best of such counsel's information and belief, the Leases so assigned or so amended or supplemented, as the case may be, at such Closing Time are in full force and effect, have not been altered, modified or rescinded (except by such assignment, amendment or supplement) in any respect at such Closing Time, and, upon transfer to them of title to such Cars, acceptance by Rex Leasing of such Cars from the manufacturer thereof on behalf of such Purchasers and identification of such Cars in an amendment or supplement to the Leases, will constitute the valid and binding agreements of the Purchasers; and to the best of such counsel's information and belief, there has not occurred any event of default under any such Lease or any event which, with the passage of time and/or the giving of notice, would constitute such an event of default.

Designated in Brown, Wood, Luen, Mitchell & Petty

(ix) The terms and provisions of the Leases, the Purchase Contract and the Management Agreement conform in all material respects to the descriptions thereof contained in the Prospectus.

(x) The information in the Prospectus under the captions "~~and~~" and "~~and~~", to the extent that it constitutes matters of law or legal conclusions, ~~has been prepared or reviewed by them and is correct.~~

represents the opinion of Battle, Fowler, Caffin, Pierce & Wheel.

(xi) The Registration Statement is effective under the 1933 Act and, to the best of their knowledge, information and belief, no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission.

(xii) At the time the Registration Statement initially became effective the Registration Statement and the Prospectus (other than the financial statements included therein, as to which no opinion need be rendered) complied as to form in all material respects with the requirements of the 1933 Act and the Regulations and nothing has come to their attention that would lead them to believe that the Registration Statement at the time it initially became effective and at the time any post-effective amendment thereto became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus at the time the Registration Statement became effective (unless the term "Prospectus" refers to the Rule 424(b) or (c) prospectus, in which case at the time it was mailed to the Commission for filing) and at each Closing Time thereafter, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(xiii) To the best of their knowledge, information and belief, (a) there are no contracts,

indentures, mortgages, loan agreements, leases or other instruments required to be described or referred to in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement other than those described or referred to therein or filed as exhibits thereto, and the existing contracts, indentures, mortgages, loan agreements, leases and other documents referred to in such counsel's opinion, which shall be those so described, referred to or filed, are valid and enforceable in accordance with their terms and the description thereof or reference thereto is correct in all material respects, and (b) no default exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, loan agreement, note or lease so described, referred to or filed.

(xiv) Such other related matters as you may reasonably request.

In addition, Battle, Fowler, Jaffin, Pierce & Kheel shall deliver to you at Closing Time a copy of their opinion dated such Closing Time substantially in the form attached as an Exhibit to the Prospectus, together with a letter dated such Closing Time stating that you may rely upon such opinion as if it were addressed to you.

(c) At each Closing Time you shall receive the opinion of such counsel as shall be satisfactory to Rex Leasing and you, in form and substance satisfactory to your counsel, to the effect that (i) the information in the Prospectus under the captions " ", " " and " ", to the extent that it constitutes matters of law or legal conclusions, has been prepared or reviewed by them and is correct and (ii) no authorization, approval or consent of any governmental authority or agency is necessary in connection with the offer or sale of the Units or the leasing of Cars as described in the Prospectus or the management of the Cars pursuant to the Management Agreement under the Interstate Commerce Act or rules promulgated thereunder, rules promulgated by the U. S. Department of Transportation, the Federal Railroad Safety Act or rules promulgated thereunder or any other Federal legislation, or rules promulgated thereunder, relating specifically to

railroads or to the ownership, operation or leasing of railcars except such approvals as may be required for railroad operations under the Federal Railroad Safety Act, or rules promulgated thereunder, and except for the recordations required by former Section 20c of the Interstate Commerce Act, 49 U.S.C. §11303, for the preservation of liens on and security interests in railcars.

(d) At the time of the execution of this Agreement, you shall have received from Coopers & Lybrand, or another nationally recognized firm of independent certified public accountants, a letter, in form and substance satisfactory to you, advising that (i) they are independent public accountants as required by the 1933 Act and published Regulations, (ii) it is their opinion that the financial statements included in the Prospectus, and covered by their opinion therein, comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and Regulations relating to financial statements in registration statements on Form S-1, and (iii) based on a limited review set forth in detail in such letter nothing has come to their attention which would indicate

[Specific language with respect to financials requiring comfort].

(e) At each Closing Time you shall receive from Coopers & Lybrand, or such other nationally recognized firm of independent certified public accountants, a letter dated as of Closing Time to the effect that such accountants reaffirm, as of such date and as though made on such date, the statements made in the letter furnished by such accountants pursuant to Section (d) of this Section 5, except that the specified date referred to in such subsection will be a date not more than five days prior to such Closing Time.

(f) At each Closing Time, you shall receive a certificate signed on behalf of Rex Leasing by its President or its Executive Vice President, to the effect that (i) the signer has examined the Registration Statement and the Prospectus and, in the signer's opinion, at all times from the time the Registration Statement initially became effective to such Closing Time the Registration Statement did not contain an untrue statement of a material fact or omit to state a

and a certificate signed on behalf of Rex-Leasing by its President or Executive Vice President each

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(g) At Closing Time, you shall receive from your counsel their opinion to the effect that the information in the Prospectus under such captions therein designated by you*, to the extent that it constitutes matters of law or conclusions, has been reviewed by them and is correct.

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*The information covered by the opinion required by this Section 5(g) will at least cover the information covered by the opinion given pursuant to Section 5(b)(x) and the opinion required by this Section 5(g) will be waivable by you only to the extent that it relates to information as to which you waive the opinion required by Section 5(b)(x).

material fact required to be stated therein or necessary to make the statements therein not misleading, and the Prospectus did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (ii) the representations and warranties contained in Section 1 are true and correct at such Closing Time with the same effect as though expressly made at such Closing Time.

Rider 23 A

(g) At each Closing Time, your counsel shall have been furnished with such additional information, opinions and documents, including *information relating to the condition of the Cars and* supporting documents relating to parties described in the Prospectus and certificates signed by such parties with regard to information relating to them and included in the Prospectus as they may reasonably require for the purpose of enabling them to pass upon the sale of the Units as herein contemplated and related proceedings, in order to evidence the accuracy or completeness of any of the representations or warranties or the fulfillment of any of the conditions herein contained and in order to qualify the Units under the securities or "blue sky" laws of the jurisdictions designated by you in accordance with the provisions of Section 3(g); and all actions taken by Rex Leasing in connection with the sale and the management of the Cars as herein contemplated shall be satisfactory in form and substance to you and your counsel.

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(H) If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement to be fulfilled or waived, you shall inform Rex Leasing in writing of each condition which has not been fulfilled or waived and shall permit Rex Leasing a reasonable time under the circumstances to fulfill such condition, after which time this Agreement and all your obligations hereunder may be cancelled by you by notifying Rex Leasing of such cancellation in writing or by telegram at any time at or prior to the Closing Time with respect to which such conditions have not been fulfilled and any such cancellation or termination shall be without liability of any party to any other party except as otherwise provided in Section 4.

Section 6. Indemnification.

(a) Rex-Noreco and Rex Leasing, jointly and severally, agree to indemnify and hold harmless you and each person, if any, who controls you within the meaning of Section 15 of the 1933 Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in a preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or arising out of any alleged untrue statement of a material fact contained in any supplemental sales material (whether designated for broker-dealer use or otherwise) approved by Rex-Leasing for use by you or any Selected Dealer, or any alleged omission therefrom of a material fact required to be stated therein, or necessary in order to make the statements therein, in the light of the circumstances under which they were made, in conjunction with the preliminary prospectus or Prospectus delivered therewith, not misleading, ~~if such settlement is effected with the written consent of the Partnership, unless such untrue statement or omission was made in reliance upon and in conformity with information furnished to Rex Leasing in writing by you expressly for use in the~~ Registration Statement (or any amendment thereto) or any such preliminary prospectus or Prospectus (or any amendment or supplement thereto);

(ii) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in any supplemental

sales material approved by Rex Leasing for use by you or any selected Dealer or any omission or alleged omission therefrom of a material fact required to be stated therein

or necessary in order to make the statements therein, in the light of the circumstances under which they were made, in conjunction with the preliminary prospectus or Prospectus delivered therewith, not misleading;

(iii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement of omission, if such settlement is effected with the written consent of Rex Leasing; and

(iv) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under clauses (i), (ii) or (iii) above;

Rex Leasing

(b) You agree to indemnify and hold harmless Rex-Noreco and Rex Leasing, their directors, each of ~~their~~ officers who signed the Registration Statement and each person, if any, who controls either Rex-Noreco or Rex Leasing within the meaning of Section 15 of the 1933 Act, to the same extent as the foregoing indemnity from Rex-Noreco and Rex Leasing, but only with respect to statements or omissions in the Registration Statement (or any amendment thereto) or a preliminary prospectus or the Prospectus (or any amendment or supplement thereto) made in reliance upon and in conformity with information furnished to Rex-Noreco and Rex Leasing in writing by you expressly for use in the Registration Statement (or any amendment thereto) or any such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at

its own expense in the defense of such action. If it so elects within a reasonable time after receipt of such notice, an indemnifying party, jointly with any other indemnifying parties receiving such notice, may assume the defense of such action with counsel chosen by it and approved by the indemnified parties defendant in such action, unless such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them which are different from or in addition to those available to such indemnifying party. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. (i)

7/1/80
and
Section 7. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or contained in certificates of Rex Leasing submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by, or on behalf of, you or any person who controls you, or on behalf of Rex Leasing, and shall survive each Closing Time, including, without limitation, the Last Closing Time. Rex-Nore
-or

Section 8. Effective Date of this Agreement and Termination Thereof.

(a) This Agreement shall become effective (i) at 5:00 P.M., New York City Time, on the first full business day following the day on which the Registration Statement initially became effective, or (ii) at the time of the initial public offering by you, after the Registration Statement initially becomes effective, of the Units, whichever shall first occur. The time of the initial public offering shall mean the time of the release by you, for publication, of the first newspaper advertisement which is subsequently published, relating to the Units or the time at which the Units are first generally offered by you to dealers or subscribers by letter or telegram, whichever shall first occur.

(b) You shall have the right to terminate this Agreement by giving the notice indicated below in this Section 8 at any time at or prior to any Closing Time (i) if there shall have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the condition of Rex-Noreco or Rex Leasing, financial or otherwise, or in the earnings, affairs or business prospects of Rex-Noreco or Rex Leasing, whether or not arising in the ordinary course of business, (ii) if there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as in your judgment would make the offering or delivery of the Cars or Units impracticable, or (iii) if trading on the New York Stock Exchange shall have been suspended, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required on such Exchange, or if a banking moratorium shall have been declared by either Federal or New York authorities. If you terminate this Agreement as provided in this Section 8, such termination shall be without liability of any party to any other party except as otherwise provided in Section 4.

(c) If you elect to terminate this Agreement as provided in this Section 8, Rex Leasing shall be notified promptly by you, by telephone or telegram, confirmed by letter. Upon giving any notice pursuant to this Section 8(c), you shall send a copy of such notice to Citibank, N.A., 399 Park Avenue, New York, New York 10043, Attention: Scott E. Bates, Service Transportation Department.

Section 9. Post-Effective Amendment. Rex Leasing represents and warrants to you that if at the Offering Termination Date subscriptions for all the Units shall not have been received it will file a post-effective amendment to the Registration Statement de-registering the unsold Units and will terminate any additional offerings of Units pursuant to such Registration Statement. In addition, Rex Leasing represents and warrants to you that it will file all reports required by the Regulations with regard to sales of the Units and use of the proceeds therefrom.

been

by Rex Leasing pursuant to clause (ii) of Section 2(a) and

~~In the event that the Offering Period has terminated, and, after you have offered to agree to extend the Offering Period pursuant to Section 2(a) and Rex Leasing has rejected or not accepted such offer within two business days after you make such offer, Rex Leasing and/or any of its affiliates thereafter attempts to sell the Cars, together with the opportunity to have the Cars managed by Rex Leasing and/or any of its affiliates, in a public offering through an agent other than you, then Rex-Noreco and Rex Leasing, jointly and severally, shall reimburse you for all of your out-of-pocket expenses, including the reasonable fee and disbursements of your counsel, and you shall have no liability to Rex-Noreco or Rex Leasing pursuant to Section 4 or otherwise hereunder.~~

Section 10. Notices and Authority to Act. All communications hereunder shall be in writing and, if sent to you, shall be mailed, delivered or telegraphed and confirmed to you at One Liberty Plaza, 165 Broadway, New York, New York 10080, Attention of Mr. Lester Schoenfeld, or, if sent to Rex-Noreco or Rex Leasing, shall be delivered or telegraphed and confirmed to it at its office, 616 Palisade Avenue, Englewood Cliffs, New Jersey 07632, Attention of Mr. Robert W. Gruber.

Section 11. Parties. This Agreement shall inure to the benefit of and be binding upon you, Rex-Noreco, Rex Leasing and your, Rex-Noreco's and Rex Leasing's respective successors, this Agreement and the conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and controlling persons, and for the benefit of no other person, firm or corporation.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of New York.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us a counterpart hereof, whereupon this instrument along with

all counterparts will become a binding agreement, among
you, Rex-Noreco and Rex Leasing in accordance with its
terms.

Very truly yours,

REX LEASING, INC.

By _____

REX-NORECO, INC.

By _____

Confirmed and Accepted
as of the date first above
written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By _____
(Authorized Representative)

EXHIBIT C

ESCROW DEPOSIT AGREEMENT

Among

CHEMICAL BANK,
as Bank-Escrowee

REX LEASING, INC.,
as Seller

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,
as Depositor-Agent

and

CITIBANK, N.A.,
as Secured Lender

WHEREAS, Rex Leasing, Inc. (the "Seller") proposes to sell up to 1800 covered hopper railcars (the "Cars"), which, at the option of the purchasers thereof, may be managed by the Seller under Rex Covered Hopper Car Management Program, 1980-1, all as will be described in a prospectus (the "Prospectus") to be contained in a registration statement covering the joint management of the Cars under Rex Covered Hopper Car Management Program, 1980-1 to be filed under the Securities Act of 1933; and

WHEREAS, in connection with the proposed sale of such Cars, Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, New York 10080 (the "Depositor-Agent"), will be named as the proposed agent for the sale of such Cars; and

WHEREAS, the Depositor-Agent proposes to sell the Cars on a "best efforts" basis; and

WHEREAS, in compliance with the Agency Agreement between the Seller and the Depositor-Agent (the "Agency Agreement") and Rule 15c2-4 of the Securities Exchange Act of 1934, the Depositor-Agent proposes to establish an escrow fund with Chemical Bank, 55 Water Street, New York, New York 10041 (the "Bank-Escrowee"); and

WHEREAS, the Bank-Escrowee desires to act as escrow agent in connection with the proposed fund; and

WHEREAS, Citibank, N.A., a national banking association ("Citibank") has agreed to furnish a letter of credit to Marine Industrie Limitee ("MIL"), a Quebec corporation and manufacturer of certain of the Cars, on behalf of the Seller to evidence the ability of the Seller to pay for such Cars and will, under certain circumstances, receive a security interest in the proceeds of the Seller's purchase agreement with MIL pursuant to a related security agreement;

NOW THEREFORE, it is agreed as follows:

The Bank-Escrowee agrees to act as escrow agent in receiving and disbursing the proceeds from the sale of the Cars in accordance with the following conditions:

(1) The Depositor-Agent will from time to time deposit such amounts in whole or partial payment for the Cars as it receives in connection with the sales hereinabove referred to in an escrow account to be established for this purpose by the Bank-Escrowee. Concurrently with the making of each such deposit, the Depositor-Agent shall deliver to the Bank-Escrowee a statement of the name and address of each purchaser whose total or partial payment is then being deposited, the social security or taxpayer identification number of such purchaser, the amount received from each such purchaser, the number of Cars which each such purchaser has agreed to purchase and, when so informed by the Seller, the manufacturer of such Cars. At the written request of Citibank, the Bank-Escrowee will inform it in writing of the number of purchasers who have been designated by the Depositor-Agent to purchase Cars manufactured by MIL and the amount of funds held in the escrow account on behalf of such purchasers.

(2) From time to time, after the first deposit of any funds pursuant to paragraph (1) hereof and until such time as all funds being held by the Bank-Escrowee have been disbursed pursuant to paragraph (4) hereof, the Depositor-Agent may, in its sole discretion, instruct the Bank-Escrowee in writing to, and the Bank-Escrowee thereupon shall, invest such amounts being then held by the Bank-Escrowee,

in such of the following securities, and in such proportions, and maturing at such times, as the Depositor-Agent shall specify in its written instructions to the Bank-Escrowee:

(i) direct obligations of the United States of America or any instrumentality thereof for the payment of which the full faith and credit of the United States of America is pledged; and/or

(ii) certificates of deposit (which may be denominated in United States dollars or Canadian dollars) of banks or trust companies (including the Bank-Escrowee), organized under the laws of the United States of America or any state thereof, and having combined capital and surplus of at least \$15,000,000; and/or

(iii) shares of Merrill Lynch Ready Assets Trust, an unincorporated business trust organized under the laws of the Commonwealth of Massachusetts, and/or shares of Merrill Lynch Institutional Fund Inc., a Maryland corporation.

It is understood that the Depositor-Agent will consult with the Seller prior to instructing the Bank-Escrowee to make such investments, but the Bank-Escrowee shall not be under any obligation to ascertain whether the Depositor-Agent has so consulted the Seller. The Bank-Escrowee shall timely present for redemption any obligation or shares so purchased or sell such obligation upon the written direction

of the Depositor-Agent. Obligations or shares so purchased as an investment of moneys in the escrow fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon shall be credited to such fund for the account of the purchaser whose funds were thus invested. If the Depositor-Agent so directs in writing, the Bank-Escrowee may make any and all investments permitted by this paragraph through its own bond or investment department. Except as hereinabove provided, the Bank-Escrowee shall not be under any duty to invest funds deposited with it pursuant to paragraph (1) hereof.

(3) In the event that on or prior to December 31, 1980 the Depositor-Agent shall have advised the Bank-Escrowee in writing that all conditions precedent as to closing by a named purchaser(s) have been satisfied or waived, then as to such named purchaser(s), the Depositor-Agent shall arrange for a closing or closings as to such named purchaser(s) in accordance with the Agency Agreement ("Closing" or "Closing Time"). The Depositor-Agent shall give verbal notice of Closing Time to the Bank-Escrowee at least two days prior to such Closing Time.

(4) At each Closing Time, the Bank-Escrowee shall, to the extent cash is available in the escrow fund, apply the cash then being held by the Bank-Escrowee as part of the

escrow fund for the account of the purchaser(s) with respect to whose purchase of Cars such Closing is being held in accordance with the written direction of the Depositor-Agent and the Seller, which written direction shall also be signed by Citibank if any of the Cars being purchased at such Closing have been manufactured by MIL, at which time such amounts so applied shall no longer be a deposit or deposits under this Escrow Deposit Agreement; provided, however, that, any written direction of the Depositor-Agent and the Seller to the contrary notwithstanding (and the Depositor-Agent and the Seller each agree not to give any such contrary written direction), the Bank-Escrowee shall not apply any funds then being held by it for the account of any purchaser(s) unless such application provides for (a) payment of the dollar amount per Car, representing the purchase price for the Cars set forth in the invoice therefor from the manufacturer thereof, purchased by such purchaser(s) to such manufacturer and (b) payment of, or retention in the escrow fund for later payment of, an amount equal to the Federal import duties, if any, payable, or estimated by the Depositor-Agent to be payable, on such purchaser's Cars (it being understood that such instructions as to payment of such import duties shall be explicit as to recipient and approximate date and manner of payment and

that funds retained for later payment of such import duties may be invested in accordance with this Agreement and any gain or loss realized on such investment shall be sustained by the purchaser(s) of the specific cars for which the import duties have been assessed). The Depositor-Agent agrees to furnish copies of the aforesaid invoices to the Bank-Escrowee prior to such Closing Time. In the event that any of the Cars being paid for at any Closing have been manufactured by MIL, then there shall be attached to such written direction copies of the following documents: (a) written notice from counsel for the Seller that it holds in escrow, and will release from escrow upon payment for such cars to MIL, a bill of sale or bills of sale for such Cars from MIL to the Seller, substantially in the form attached hereto as Appendix A and bills of sale for such Cars from the Seller to the respective purchasers thereof, substantially in the form attached hereto as Appendix B; (b) an opinion of counsel for MIL addressed to the Seller covering all such Cars, substantially in the form attached hereto as Appendix C; (c) an opinion of counsel for the Seller addressed to the related purchasers and covering all such Cars, substantially in the form attached hereto as Appendix D; and (d) a certificate of acceptance, substantially in the form attached hereto as Appendix E, of each such Car delivered

to MIL and executed by the Seller, or its authorized representative, indicating that delivery of such Cars was accepted on behalf of the Seller on a date which is on or subsequent to the date on which the Seller accepted the purchase contract for such Car from its purchaser. Citibank hereby agrees to sign each written instruction relating to Cars manufactured by MIL which provides for payment to MIL of the invoice cost of such Cars and payment of, or retention of an amount equal to, any import duties payable, or estimated by the Depositor-Agent to be payable, on such Cars. The parties hereto recognize that written instructions pursuant to this paragraph (4) providing for payment for Cars manufactured by MIL and payment of the import duties thereon will be given to the Bank-Escrowee on the date on which such Cars are delivered from MIL to the Seller, which date may be up to 60 days prior to the date on which such written instructions provide for payment to MIL. In the event that funds have been invested on behalf of such purchaser pursuant to paragraph (2), the Bank-Escrowee shall return to such purchaser the income earned thereon less the portion of such income retained by the Bank-Escrowee pursuant to paragraph (7).

With respect to funds held in the escrow account for the account of purchasers who purchase Cars manufactured by MIL, the Depositor-Agent may, from time to time by a written instruction signed by it, the Seller and Citibank, instruct the Bank-Escrowee to deliver to Citibank such portion of such funds, held for the account of specified purchasers, all as specified in such written directions, which will be in United States dollars, in return for Canadian dollars to be delivered pursuant to an agreement between the Seller and Citibank in the form attached hereto as Exhibit A. Upon receipt thereof, such Canadian dollars shall become funds held in the escrow account for the benefit of such purchasers and may be deposited by the Bank-Escrowee in an account with Chemical New York Canada Limited in Toronto, Ontario, Canada. The Depositor-Agent may, from time to time by written instruction signed by it, the Seller and Citibank, instruct the Bank-Escrowee to convert all or a portion of such Canadian dollars to United States dollars, which instructions shall be explicit as to the manner of such conversion. Any increase or decrease in the value of Canadian dollars shall be for the account of the purchaser for whose account they are being held and not for the account of the Bank-Escrowee. It is expressly

understood that the Bank-Escrowee shall not be liable for any decrease, nor shall it be entitled to any increase, in the value of such Canadian dollars.

(5) In the event that on or prior to December 31, 1980, either (a) no Closings contemplated by paragraphs (3) and (4) above shall have been consummated or (b) as to any purchaser, the Bank-Escrowee shall not have been advised in writing by the Depositor-Agent that all conditions precedent to Closing have been satisfied or waived or, in the case of a purchaser to whom the seller has allocated cars manufactured by MIL, that the written notice as to bills of sale, opinions of counsel and certificates of acceptance required to be attached to a written direction pursuant to paragraph (4) with respect to such Cars have been received on or prior to the date such Cars are first placed in service, then the Depositor-Agent shall promptly so advise the Bank-Escrowee and authorize and direct in writing the Bank-Escrowee to return as promptly as practicable (i) in the case of the event described in (a), the funds theretofore received pursuant to paragraph (1) to or for the account of the purchasers at their respective addresses provided pursuant to paragraph (1) hereof or (ii)

in the case of an event described in (b), the funds theretofore received pursuant to paragraph (1) to or for the account of such purchasers, at their respective addresses provided pursuant to paragraph (1), with respect to which the Bank-Escrowee shall not have received such written advice. In each case the Bank-Escrowee shall so return such funds without interest or deduction, unless it shall have been instructed to invest such funds on behalf of a purchaser pursuant to paragraph (2), in which case it shall also return to such purchaser the income earned on such funds less the portion of such income retained by the Bank-Escrowee pursuant to paragraph (7).

(6) In the event that (a) the Closings in accordance with paragraphs (3) and (4) above shall have been consummated with respect to named purchaser(s), or (b) the amounts paid by or for the account of named purchaser(s) to the Depositor-Agent and deposited with the Bank-Escrowee shall have been repaid to such respective purchasers without deduction and with or without interest by the Bank-Escrowee as provided in paragraph (5) above or (8) below, then, as to each such named purchaser, the Bank-Escrowee shall be relieved of all liabilities in connection with the escrow deposits provided for herein with respect to such named purchaser.

(7) The Bank-Escrowee shall not receive any fee in connection with its services rendered under this Escrow Deposit Agreement, except as follows:

(i) For its services in establishing and maintaining as a separate fund the escrow fund referred to in this Agreement, the Bank-Escrowee shall receive a fee of \$2,000; and

(ii) For its services in investing the funds held in the escrow fund, pursuant to the instructions of the Depositor-Agent described under paragraph (2) hereof, the Bank-Escrowee shall receive a fee equal in amount to 5% of any income derived from investment of such funds. Such fee shall be deducted from such income upon distribution of the remaining 95% of such income, as provided under paragraph (4), paragraph (5) or paragraph (8), as the case may be, of this Agreement. To the extent that such fee is calculated on the basis of income realized in Canadian dollars, such fee shall be paid in Canadian dollars.

(8) In the event that prior to the first Closing Time with respect to any purchaser the Bank-Escrowee shall have received written advice from the Depositor-Agent that such named purchaser has been rejected by the Seller, or that

prior to such Closing Time it is determined by the Seller that such named purchaser does not meet the suitability standards required by the Seller for investment in the Cars, the Bank-Escrowee shall, upon receipt of the written direction of the Depositor-Agent and the Seller, return funds deposited pursuant to paragraph (1) to such purchasers at their respective addresses provided pursuant to paragraph (1). The Bank-Escrowee shall return such funds without deduction or interest, unless it shall have been instructed to invest such funds on behalf of a purchaser pursuant to paragraph (2), in which case it shall also return to such purchaser the income earned on such funds less the portion of such income retained by the Bank-Escrowee pursuant to paragraph (7).

(9) It is understood and agreed, further, that the Bank-Escrowee shall:

(A) be under no duty to enforce payment of any purchase price which is to be paid to and held by it hereunder;

(B) be under no duty to accept information from any person other than the Depositor-Agent, the Seller and Citibank and then only to the extent and in the manner provided in this Agreement;

(C) be protected in acting upon any notice, opinion, request, certificate, approval, consent, or other paper believed by it to be genuine and to be signed by the proper party or parties;

(D) be deemed conclusively to have given and delivered any notice required to be given or delivered hereunder if the same is in writing, signed by any one of its authorized officers and mailed, by registered or certified mail, in a sealed post-paid wrapper, in the case of the Depositor-Agent at the following address:

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Liberty Plaza - 165 Broadway
New York, New York 10080

Attention: Mr. Frederick J. C. Butler

and in the case of Citibank at the following address:

Citibank, N.A.
399 Park Avenue
12th Floor
Service Transportation Department
New York, New York 10043

Attention: Scott E. Bates

and in the case of the Seller at the following address:

Rex Leasing, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

Attention: Robert W. Gruber

(E) be indemnified and held harmless by the Depositor-Agent and the Seller, jointly and severally,

against any claim made against it by reason of its acting or failing to act in connection with any of the transactions contemplated hereby and against any loss, liability or expense, including the expense of defending itself against any claim of liability, it may sustain in carrying out the terms of this Agreement, except such claims which are occasioned by its bad faith, gross negligence or willful misconduct;

(F) have no liability, or duty to inquire into the terms and conditions of this Agreement, the Agency Agreement or the Prospectus or any of the exhibits annexed thereto, and that its duties under this Agreement are purely ministerial in nature;

(G) be permitted to consult with counsel of its choice, including in-house counsel, and shall not be liable for any action taken, suffered or omitted by it in accordance with the advice of such counsel, provided, however, that nothing contained in this subsection (G), nor any action taken by the Bank-Escrowee, or suffered or omitted by it in accordance with the advice of any counsel, shall relieve the Bank-Escrowee from liability for any claims which are occasioned by its bad faith, gross negligence or willful misconduct, all as provided in subsection (E) above;

(H) not be bound by any modification, amendment, termination, cancellation, rescission or supersession of this Agreement, unless the same shall be in writing and signed by all parties hereto;

(I) be entitled to refrain from taking any action other than to keep all property held by it in escrow until it shall be directed otherwise in writing by the Depositor-Agent the Seller and/or Citibank in accordance with this Agreement or by a final judgment by a court of competent jurisdiction, provided that it shall be uncertain as to its duties or rights hereunder;

(J) have no liability for following the instructions herein contained or expressly provided for, or written instructions given by the Depositor-Agent, the Seller and/or Citibank;

(K) have the right, at any time, to resign hereunder by giving written notice of its resignation to the Depositor-Agent, the Seller and Citibank at their respective addresses set forth above, at least 10 business days prior to the date specified for such resignation to take effect, and upon the effective date of such resignation, in which case:

(i) all cash and other payments and all other property then held by the Bank-Escrowee hereunder shall be delivered by it to such person as may be designated in writing by the other parties executing this Agreement, whereupon the Bank-Escrowee's obligations hereunder shall cease and terminate;

(ii) if no such person has been designated by such date, all obligations of the Bank-Escrowee hereunder shall, nevertheless, cease and terminate; and

(iii) the Bank-Escrowee's sole responsibility thereafter shall be to keep all property then held by it and to deliver the same to a person designated in writing by the Depositor-Agent, the Seller and Citibank or in accordance with the directions of a final order or judgment of a court of competent jurisdiction; and

(L) be reimbursed by the Depositor-Agent and the Seller, jointly and severally, upon its request for all reasonable expenses, disbursements and advances incurred or made by it in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and

counsel, but in the case of counsel's fees in connection with the preparation of this agreement, not in excess of \$1500) except any such expenses, disbursements or advances as may be attributable to its gross negligence, willful misconduct or bad faith.

(M) have no right of counterclaim or set-off against, or banker's right of lien or set-off or other lien on, funds in the escrow account arising from any obligation now or at any time hereafter owed to it.

(10) The Depositor-Agent and the Seller, jointly and severally, agree to indemnify and hold harmless Chemical New York Canada Limited against any claim made against it by reason of its acting in accordance with the instruction of the Bank-Escrowee in connection with any of the transactions contemplated hereby and against any loss, liability or expense, including the expense of defending itself against any claim of liability, it may sustain in carrying out the instructions of the Bank-Escrowee, except such claims which are occasioned by its bad faith, gross negligence or willful misconduct.

(11) In the event the Seller and the Depositor-Agent shall agree to continue the Offering Period (as defined in the Agency Agreement) beyond the close of business on December 31, 1980, the Depositor-Agent shall notify the

Bank-Escrowee of such fact in writing specifying the date and time to which the Offering Period shall have been continued.

(12) All requests, notices or other communications hereunder to the Bank-Escrowee required hereunder to be in writing shall be given either (i) by registered or certified mail, postage prepaid, or (ii) by hand delivery in a sealed envelope, manually receipted for on behalf of the addressee, in each case addressed as follows:

Chemical Bank
55 Water Street
New York, New York 10041

Attn: Corporate Trustee Administration
Department (or an individual in such Department).

(13) The duties of the Bank-Escrowee and its agents shall be subject to the laws and regulations of applicable jurisdictions.

(14) Nothing in this Agreement is intended to or shall confer upon anyone other than the parties hereto any legal or equitable right, remedy or claim. This Agreement shall be governed by, and its provisions construed in accordance

with, the laws of the State of New York and may be modified only in writing.

Dated as of: November 30, 1979

CHEMICAL BANK
Bank-Escrowee

By _____
(Authorized Signature)

REX LEASING, INC.

By _____
(Authorized Signature)

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By _____
(Authorized Signature)

By _____
(Authorized Signature)

CITIBANK, N.A.

By _____
(Authorized Signature)

Appendix A

BILL OF SALE

Marine Industrie Limitee (hereinafter called the "Seller"), in consideration of the sum of one dollar (\$1) and other good and valuable consideration the receipt of which is hereby acknowledged, does hereby deliver this Bill of Sale as evidence that on the date of delivery to and acceptance by Rex Leasing, Inc. (hereinafter called the "Buyer") of the equipment described below, Seller did grant, bargain, sell, transfer and set over unto the Buyer, its successors and assigns all right, title and interest of the Seller to the following units of railroad equipment which have been delivered by the Seller to the Buyer:

(see attached Schedule A)

To have and to hold all and singular all right, title and interest of the Seller to the railroad equipment above-described to the Buyer, its successors and assigns, for its and their own use and behalf forever.

The said units of railroad equipment have not been used or held for use by the Seller or any other party prior to delivery to the Buyer, although the Seller may have stored some or all of said units of railroad equipment pending their delivery to the Buyer. No materials or parts used in the manufacture of any of said units of railroad equipment have been used, reconstructed or rebuilt.

And the Seller hereby warrants to the Buyer, its successors and assigns, that at the time of delivery of each of the above described units of railroad equipment to the Buyer, the Seller had legal title to such units and good and lawful right to sell such units, and the title to such units was free and clear from all claims, liens, security interests and other encumbrances arising from, through or under the Seller and the Seller covenants that it will warrant and defend such title against all claims and demands whatsoever.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed in its name by duly authorized officers, the
day of , 1980.

MARINE INDUSTRIE LIMITEE

By: _____

By _____

Appendix B

BILL OF SALE

Rex Leasing, Inc., a New Jersey corporation ("Rex Leasing"), in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto _____ (hereinafter called the "Owner") and Owner's successors and assigns, the following described units of new railroad equipment (hereinafter called the "Equipment"):

<u>Number of Units</u>	<u>Description</u>	<u>Car Nos.</u>
------------------------	--------------------	-----------------

TO HAVE AND TO HOLD all and singular the Equipment above described to the Owner, Owner's successors and assigns, for Owner's and their own use and behalf forever.

And Rex Leasing hereby warrants to the Owner and Owner's successors and assigns, that at the time of delivery of each of the units of Equipment to Rex Leasing, as agent for the Owner, Rex Leasing had legal title to such unit and good and lawful right to sell such unit, and the title of such unit was free of all liens and encumbrances of any nature arising from, through or under Rex Leasing and passed to the Owner; and Rex Leasing covenants that it will warrant and defend such title against all claims and demands whatsoever. Rex Leasing also certifies that each of the units of Equipment was, at the date of its delivery to the Owner, new and unused.

IN WITNESS WHEREOF, Rex Leasing has caused this instrument to be duly executed in its name by its officers thereunto duly authorized and its corporate seal to be affixed this
th day of _____, 1980.

REX LEASING, INC.

By _____
Vice President

ATTEST:

Assistant Secretary

Appendix C

, 1980

Rex Leasing, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey 07632

Gentlemen:

As counsel for Marine Industrie Limitee, a Quebec corporation ("Marine"), I am familiar with the Bill of Sale dated , 1980 (herein the "Bill of Sale"), from Marine to Rex Leasing, Inc., a New Jersey corporation ("Rex Leasing"), covering the units of new railroad equipment (hereinafter called the "Equipment"), described and specified in the Bill of Sale and with the proposal of Marine dated , 1979, accepted by Rex Leasing, constituting the purchase agreement between Marine and Rex Leasing for the purchase of the Equipment by Rex Leasing.

Based on the foregoing, I am of the opinion that the Bill of Sale has been duly authorized, executed and delivered by Marine, is valid and enforceable and transfers on the date of delivery of each unit of Equipment to Rex Leasing as set forth in the Bill of Sale all right, title and interest in and to such unit of Equipment to Rex Leasing, free of all claims, liens and encumbrances of any nature arising from, through or under Marine, except for liens in respect of the purchase price for the Equipment, which liens will cease to exist when the purchase price is paid.

Very truly yours,

Appendix D

, 1980

[Owners named on Schedule A hereto]

Gentlemen:

As counsel for Rex Leasing, Inc., a New Jersey corporation ("Rex Leasing"), I am familiar with the Bills of Sale dated , 1980 (herein the "Bills of Sale"), from Rex Leasing to the persons named on Schedule A hereto (hereinafter called the "Owners"), covering the units of new railroad equipment (hereinafter called the "Equipment"), described and specified in the Bills of Sale and with the proposal of Marine Industrie Limitee, manufacturer of the Equipment, dated as of November 1, 1979, accepted by Rex Leasing, constituting the purchase agreement between Marine Industrie Limitee and Rex Leasing for the purchase of the Equipment by Rex Leasing, and the purchase contracts between Rex Leasing and the Owners for the purchase of the Equipment by the Owners.

Based on the foregoing, I am of the opinion that each Bill of Sale has been duly authorized, executed and delivered by Rex Leasing, is valid and enforceable and transfers on the date of delivery of each unit of Equipment all right, title and interest in and to such unit of Equipment to the Owner thereof as set forth on Schedule A hereto, free of all claims, liens and encumbrances of any nature arising from, through or under Marine Industrie Limitee or Rex Leasing, except for liens in favor of Marine Industrie Limitee in respect of the purchase price for the Equipment, which liens will cease to exist when the purchase price is paid.

Very truly yours,

EXHIBIT D

CITIBANK, N.A. *Form*
will be usedCHattel MORTGAGE
(For Execution by a Corporation)

Agreement, dated _____ between _____
 _____ corporation (herein "Debtor"), and CITIBANK, N.A. *CITIBANK, N.A.*
 _____ (herein "Secured Party").

Obligation

For and in consideration and as security for payment of indebtedness of Debtor to Secured Party in the amount of \$ _____
 and interest, evidenced by and payable in accordance with the provisions of the Debtor's Promissory Note to Secured Party of same date herewith
 (herein the "Note"), and any extensions, ~~or renewals thereof, and the payment of any and all indebtedness, obligations and other indebtedness~~
 of Debtor to Secured Party of whatever kind whenever and howsoever created or incurred, collectively, Debtor's "Obligations"), Debtor
 hereby wills, conveys, mortgages, assigns and transfers to Secured Party and grants a security interest to Secured Party in the following property:
 (complete description of property, including serial and model numbers)

together with all accessories, attachments, parts, acccessions and repairs, and all substitutions and replacements thereto and all proceeds (including
 insurance proceeds) therefrom (herein, collectively, the "Collateral").

AGREEMENTS AND WARRANTIES OF DEBTOR

Debtor represents that:

1. it is the true owner of the Collateral and has title free and clear of all liens, charges, attachments and encumbrances and has the right and/or
 has taken the necessary corporate action to enter into this Agreement;
2. the execution of this Agreement will not violate any law, agreement or regulation to which the Debtor is either subject or a party thereto;
3. no financing statement or other security interest is on file relative to the Collateral;

4. its chief place of business is at _____, it has (no) other places of business at
 _____, and the Collateral is now and will hereafter be kept at premises
 _____, County of _____.

State of _____, unless the Collateral is of the type which in the normal course of business is ordinarily
 used at more than one location;

5. it will promptly notify Secured Party of any change of address of, or addition to, its principal place(s) of business, or any change in the location
 of the Collateral;
6. the proceeds of the Note will (will not) be used to acquire all or part of the Collateral (if all or any part thereof is so used, this is a purchase
 money security interest with respect thereto);
7. it is aware that time is of the essence in the performance of this Agreement and if Debtor fails to promptly pay any taxes or assessments against
 the Collateral or to observe or perform any covenant of this Agreement and said failure is not remedied by Debtor within 10 days after written
 notice thereof, Secured Party may take whatever action may be necessary to remedy such a failure. Should this require the expenditure of any
 moneys, the amount of such expenditure shall become forthwith due and payable by Debtor to Secured Party with interest thereon at the maxi-
 mum legal rate. In addition, to the extent permitted by applicable law, Debtor will pay on demand, as a late charge, an amount equal to ten percent
 (10%) of each installment payment in the event that said installment, or any part thereof, remains overdue for more than 30 days. If Secured Party
 takes any authorized action hereunder, Secured Party shall not be liable to Debtor for damages as a result of delays, and/or temporary withdrawals
 of the Collateral from service or other causes;
8. it will use the Collateral for commercial or business purposes only, will keep the Collateral free from all liens, security interests or encumbranc-
 es in good order and repair, and will not use or permit the Collateral to be used in violation of any statute or ordinance, or in an adverse manner
 to interests of Secured Party;
9. it will not sell or offer to sell, assign or otherwise dispose of the Collateral or its interest therein without written consent of Secured Party;
10. it will, at its own expense, service and maintain the Collateral, so as to keep it in good operating condition and, at its own expense, make such
 alterations and additions to the Collateral as may be required by Secured Party;

EXECUTED the date first above written.

By execution hereof, the signer hereby certifies that he has read this
 Agreement, INCLUDING THE REVERSE SIDE HEREOF, and that
 he is only authorized to execute this Chattel Mortgage on behalf of
 Debtor.

CITIBANK, N.A.
 Secured Party: CITICORP INDUSTRIAL CREDIT, INC.

Debtor: _____

By _____ (Title) _____
 Authorized Signature

By _____ (Title) _____
 Authorized Signature

11. it will obtain and maintain for the entire term of this Agreement, at its own expense, insurance against loss and damage to the Collateral including, without limitation, loss by fire (including so-called extended coverage), theft, collision and such other acts of loss as are customarily insured against on this type of Collateral and by the insurer in which Debtor is engaged, in such amounts, in such form and with such conditions as shall be satisfactory to Secured Party; provided, however, that the amount of such insurance shall not be less than the greater of the full replacement value of the Collateral or the installments then remaining unpaid hereunder. Each policy shall name Debtor as an insured and Secured Party as an additional insured and loss payee thereof, as Secured Party's interests may appear, and shall contain a clause requiring the insurer to give Secured Party at least 10 days prior written notice of any alteration in the terms of the policy or of the cancellation thereof. At Secured Party's request, Debtor shall furnish to Secured Party a certificate of insurance, or other evidence satisfactory to Secured Party, that such insurance coverage is in effect, provided, however, that Secured Party shall be under no duty either to ascertain the existence of or to examine such insurance policy or to advise Debtor in the event such insurance coverage shall not comply with the requirements hereof. Debtor further agrees to give Secured Party prompt notice of any damage to, or loss of, the Collateral, or any part thereof.
12. it irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full power of substitution, to receive all monies, execute proofs of claim, endorse drafts, checks and other instruments for the payment of money payable to Debtor in payment of any insurance monies;
13. Secured Party and/or its Representative(s) will have free access to the Collateral and the books and records of Debtor relating to the Collateral at all reasonable times for the purpose of inspection;
14. it will indemnify Secured Party against all claims arising out of or connected with the ownership or use of the Collateral, and will reimburse Secured Party upon demand for all expenses incurred in connection with perfecting the security interest granted herein;
15. if the Collateral consists of motor vehicles or other equipment requiring a certificate of title evidencing ownership thereof, Debtor will cause said certificate to be endorsed over so as to show Secured Party's interest in all States where such endorsements are required;
16. it will not permit the Collateral to become a part of or to be affixed to any real property of any person without first making arrangements satisfactory to Secured Party to protect its security interests.

DEFAULTS

Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

17. failure to pay any ~~amount payable on the due date~~ ^{obligation} within five (5) days after written notice from Secured Party that such payment has not been made when due;
18. failure to make any other payment or perform or observe any other covenant, condition or agreement to be performed or observed by Debtor hereunder or in the Note or any other instrument between the Parties and such failure shall continue unremedied for a period of twenty (20) days after written notice thereof by Secured Party;
19. insolvency, bankruptcy, appointment of a receiver or trustee or general assignment for the benefit of creditors of Debtor or any guarantor or endorser of any of the Obligations hereunder, if the same shall not be dismissed within a period of thirty (30) days;
20. loss, theft, sale, attachment, or encumbrance of the Collateral;
21. any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any indenture, agreement or undertaking;
22. procurement of any evidence that any statement, warranty or representation made or furnished to Secured Party by or on behalf of Debtor is false misleading, or incorrect in any material respect;
23. dissolution of any Debtor or any corporate guarantor or endorser of any of the Obligations hereunder or death of any natural person guarantor or endorser of any of the Obligations hereunder;
24. termination or suspension of the usual business of Debtor;
25. failure of Debtor or any guarantor or endorser of any of the Obligations to pay any tax or withheld, collect or remit any tax or tax deficiency when assessed or due;
26. Destruction of, or substantial damage to, the Collateral.

REMEDIES OF DEFAULT

Debtor agrees that, upon the occurrence of any event of default, Secured Party may, at its option, declare this Agreement to be in default and may do one or more of the following as Secured Party in its sole discretion shall elect, to the extent permitted by and subject to compliance with any mandatory requirements of applicable law then in effect:

27. ~~declare the entire unpaid principal balance of the Note due and~~ ^{herein due} declare all Obligations due and payable without notice or demand;
28. secure peaceable repossession of the Collateral without judicial process or the removal of the same by the Secured Party or its Representative(s);
29. require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties;
30. sell the Collateral at public or private sale, without advertisement or notice except that required by law, for the best price that Secured Party can obtain and upon such terms as Secured Party may deem advisable;
31. be the purchaser at any such sale;
32. require Debtor to pay all expenses of such retaking, selling or the like, including Secured Party's reasonable attorney's fees and legal expenses;
33. exercise any other right or remedy which may be available to it under the Uniform Commercial Code or any other applicable law or proceed by appropriate court action to enforce the terms hereunder or recover damages for the breach hereof or rescind this Agreement as to any or all Collateral secured hereunder.

The Debtor shall be liable for (i) any deficiency remaining after sale of the Collateral and (ii) application of the proceeds to the indebtedness secured. If such proceeds exceed the amount due and owing Secured Party for such expenses and indebtedness, Secured Party agrees to pay over the surplus to Debtor.

ADDITIONAL PROVISIONS

34. This Agreement may not be amended except in writing.
35. Debtor agrees to pay a reasonable attorney's fee whenever an attorney is used to collect on or enforce this Agreement or to enforce, defend, declare or adjudicate any of Secured Party's rights or interests hereunder or with respect to any Collateral, whether by suit, negotiation or otherwise and regardless of the forum;
36. Debtor will join with Secured Party in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party and hereby authorizes Secured Party to file a financing statement signed only by Secured Party in all places where Debtor deems it necessary or appropriate to perfect Secured Party's security interest in the Collateral. Debtor further agrees to promptly execute and deliver to Secured Party such further documents and take such further action as Secured Party may request in order to more effectively carry out the intent and purpose of this Agreement.
37. Any notices and demands required to be given herein shall be given to the Parties in writing and by regular mail at the address herein set forth, or to such other address as the Parties may hereafter substitute by written notice given in the fashion prescribed in this Paragraph.
38. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, their permitted successors and assigns.
39. The rights of Secured Party under this Agreement are in addition to and not in limitation of any other rights and remedies Secured Party may have by virtue of any other instrument or agreements executed by Debtor, heretofore, contemporaneously herewith or hereunder, or by law or otherwise.
40. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
41. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York.

RIDER ATTACHED TO AND FORMING
PART OF CHATTEL MORTGAGE

42. This Chattel Mortgage secures all present and future obligations of the Debtor to the Secured Party, including principal, interest, obligations arising out of the opening of letters of credit and obligations arising under any other agreement, including, but not limited to, a Security Agreement of even date herewith ("Obligations").

43. The Debtor will join the Secured Party in taking any step which the Secured party may think necessary or appropriate to perfect or to protect the interest of the Secured Party in Collateral.

44. The security interest granted by the Debtor to the Secured Party hereunder extends to and includes any lease or other "chattel paper" (as that term is used in Article 9 of the Uniform Commercial Code) arising out of the lease, sale or other disposition of all or any part of the Collateral. Secured party recognizes that Debtor is a leasing company and consents to the leasing of the Collateral by Debtor in the ordinary course of its business to a person not affiliated with Debtor and in an arm's length transaction. With respect to any such chattel paper, the Secured Party shall have all of the rights of a secured party under the Uniform Commercial Code. Debtor further

agrees that (i) it will deliver the original of all items of chattel paper to the Secured Party or, if the Secured Party so requests, will stamp the same evidencing the fact that the same is subject to the lien and security interest of the Secured Party; (ii) the Debtor will, if the Secured Party so requests, direct the lessee, account debtor, vendee or any other party, other than the Debtor, to any chattel paper to make payments of all sums due directly to Secured Party; and (iii) this Chattel Mortgage is supplemental to, and all rights of the Secured Party hereunder in respect of chattel paper shall be cumulative with, the rights of the Secured Party under the above-described Security Agreement and under any assignment of such chattel paper which Debtor is required by the Security Agreement to deliver to Secured Party, it being understood that such assignment shall be treated as being in effect, whether or not an executed document containing such terms is, in fact, delivered as required by the Security Agreement.

45. All of the Secured Party's rights against the Debtor under this and all other agreements to which they both are parties shall be cumulative.

46. Notwithstanding the foregoing, it is understood that under paragraph 8 of the Security Agreement of even date herewith between Debtor and Secured Party, Secured

EXHIBIT E

CITIBANK
FOREIGN EXCHANGE
CUSTOMER NAME/ADDRESS

No. 1143

DATE		
PROCESSED BY		
TRD CUST. #	OUR A/C	CONTRACT

A/C #

VALUE DATE	BROKER	<input type="checkbox"/> CANCEL OF <input type="checkbox"/> COMPENSATION OF <input type="checkbox"/> EARLY OF <input type="checkbox"/> CORRECT OF <input type="checkbox"/> PARTIAL OF
	FEE	

WE BUY	WE SELL
--------	---------

RATE	RATE
------	------

RECEIVE FROM	PAY TO
--------------	--------

DONE BY	TRADER APPROVAL	CROSS RATE	ADD/REVISE	ENTERED BY	VERIFIED BY
CONFIRMED WITH	CONFIRMED BY	COMMENTS			

EXHIBIT F



LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this day of, 197..., between REX RAILWAYS, INC., a N. J. corporation, 616 Palisade Ave., Englewood Cliffs, N.J. ("REX") as Lessor and (the "Lessee"), as Lessee.

RECITALS

Lessee desires to lease from REX as Lessor certain railroad cars, hereinafter specifically designated, all upon the rentals, terms and conditions set forth in this Lease.

AGREEMENT

It is Agreed:

1. *Lease of Cars.* REX agrees to lease to Lessee and Lessee agrees to and does hereby lease from REX, railroad cars of the number of units, model type, construction and such other description (hereinafter referred to as the "Cars") as is set forth in Schedule 1 attached hereto and by this reference made a part hereof and as set forth in Schedules which may from time to time be added to this Lease and thereby made a part hereof. The Lease shall become effective as to any Car immediately upon its delivery to and acceptance by Lessee pursuant to Paragraph 3.

2. *Delivery of Cars.* REX shall deliver the Cars as promptly as is reasonably possible. REX'S obligations with respect to delivery of all or any of the Cars are hereby made expressly subject to, and REX shall not be responsible for, failure to deliver or delays in delivering Cars due to labor difficulties, fire, delays and defaults of carriers and material suppliers or Car manufacturers, act of God, governmental acts regulations and restrictions or any other causes, casualties or contingencies beyond REX'S control. Initial delivery shall be at the point specified in the applicable Schedule. From and after acceptance of a Car, Lessee shall be liable for, and shall pay or reimburse REX for the payment of all costs, charges and expenses of any kind whatsoever on account of or relating to switching, demurrage, detention, storage, transportation or movement of a Car, including specifically, but not exclusively, freight and switching charges for movement at any time and from time to time to and from repair shops, storage or terminal facilities.

3. *Condition of Cars -- Acceptance.* All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic and shall otherwise comply with the description and specifications contained in the applicable Schedule; but Lessee shall be solely responsible for determining that Cars are in proper condition for loading and shipment. Within five days after REX shall give Lessee notice that some or all Cars are ready for delivery, Lessee may have its authorized representative inspect such Cars at the point specified in the notice and accept or reject them, as to condition. Cars so inspected and accepted and any Cars which Lessee does not elect to inspect shall upon delivery thereof to Lessee as above provided be conclusively deemed to be accepted and subject to this Lease and to meet all requirements of this Lease. At REX'S request, Lessee shall deliver to REX an executed Certificate of Acceptance in the form of Exhibit A with respect to all accepted cars.

4. **Use and Possession.** Throughout the continuance of this Lease so long as Lessee is not in default hereunder, Lessee shall be entitled to possession of each Car from the date the Lease becomes effective as to such Car and shall use such Car on its own property or lines or in the usual interchange of traffic, provided, however, that Lessee agrees that the Cars shall at all times be used (i) in conformity with Interchange Rules (ii) in compliance with the terms and provisions of this Lease; (iii) in a careful and prudent manner, solely in the use, service and manner for which they were designed; (iv) only within the continental limits of the United States of America or in temporary or incidental use in Canada, and (v) in such service as will not constitute a "unit train".

5. **Term.** This Lease shall be effective as to any Car on the date of delivery by Rex of such Car, as provided in Paragraph 2 hereof. The lease term shall commence on the Average Date of Delivery and shall terminate upon expiration of the lease term specified in the applicable Schedule unless sooner terminated in accordance with the provisions of this Lease or unless extended pursuant to written agreement of the parties or pursuant to the terms of Paragraph 11.

6. **Rental.** (a) Per Car. During the term of this Lease, Lessee shall pay to Rex for each Car, commencing on the date of delivery thereof, the monthly rental specified in the applicable Schedule subject to adjustment as hereinafter provided.

(b) Adjustment. The rental provided in Paragraph 6(a) is comprised of the Constant Factor specified in the applicable Schedule plus the initial Service Factor specified in said Schedule. If the Prevailing Labor Rate established and in effect upon the expiration of each month from and after the date hereof shall increase over the Current Labor Rate specified in said Schedule the Service Factor shall be adjusted to be the product obtained by multiplying the Service Factor by a fraction, the numerator of which is the Prevailing Labor Rate and the denominator of which is the Current Labor Rate; and the per Car rental shall be revised to be the sum of the Constant Factor and the adjusted Service Factor. Any such adjustment shall be instituted by notice from Rex to Lessee and shall take effect with respect to rents coming due next after the date of such notice.

(c) Mileage Credits. If the Cars bear Rex reporting marks and numbers, any time and mileage payments paid or allowed by railroads on the Cars shall be the property of Rex, but Rex shall credit time and mileage payments actually received by it during an Accounting Period (less taxes, other than income taxes, due or to become due on account thereof) against rental then or thereafter due under this Lease during such Accounting Period, provided, however, that in no event shall the aggregate time and mileage payments credited exceed the total rental payable by Lessee during such Accounting Period. Upon notice from any railroad, whether received prior to or after termination of this Lease, Lessee agrees to pay Rex all sums due on account of all excess empty mileage incurred on Cars during the term of this Lease at the rate established by the applicable railroad tariff.

7. **Payment.** Lessee shall make payment of all sums due hereunder to Rex in immediately available funds at the address provided in Paragraph 21 hereof, or such other place as Rex may direct. Rental payments shall be made monthly in advance on or before the 1st day of each month for which such rental is due, except that the first full month's payment shall, in addition, include rental covering any prior period of less than one month.

8. **Title.** Lessee shall not by reason of this Lease or any action taken hereunder acquire or have any right or title in the Cars except the rights herein expressly granted to it as Lessee.

9. **Repairs.** (a) Rex. Except as may otherwise be provided in Paragraph 6(b) or this Paragraph 9(a) and (b), Rex shall be responsible for all Repair Work. Lessee shall promptly notify Rex of any Repair Work of which it has knowledge. Rex shall have no responsibility hereunder until and unless informed of the need for Repair Work. Rex may require Lessee to

deliver Cars to such place as Rex designates for all Repair Work, and Rex may terminate this Lease with respect to any Car as to which it deems Repair Work to be unsuitable or uneconomical.

(b) Lessee. Except where a railroad or railroads have assumed full responsibility, Lessee shall be responsible for and shall pay all costs and expenses of all Repair Work or other work or materials required (i) by reason of damage or other condition caused by negligence of Lessee or anyone other than Rex; (ii) by reason of damage or other condition caused by loading, unloading or use other than as permitted herein; (iii) necessary in order to repair, replace or maintain interior lading equipment, special interiors and linings and removable parts in good, safe operating condition; (iv) by reason of loss or damage resulting from any commodity or other material loaded in or on any car, or (v) by Interchange Rules which have not been adopted or promulgated as of the date hereof.

Is this
Substantive
work?

10. *Substitution of Cars.* Rex may, at any time and from time to time, replace any Withdrawn Cars or Casualty Cars with Replacement Cars and such Replacement Cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to Lessee at the time and in the place of Cars for which they are substituted. The parties shall execute amendments to this Lease and such other or further documents as may be required by either party hereto to evidence the withdrawal from and termination of this Lease with respect to Withdrawn or Casualty Cars, or to include any Replacement Cars within the terms and provisions of this Lease and of any other document under which Rex has assigned its rights hereunder, as permitted in Paragraph 19 hereof.

11. *Abatement of Rent.* Rental payments on any Car out of service for Repair Work or other work which is Rex's responsibility under Paragraph 5(a) hereof shall abate from the fifth day after such Car has been placed in any repair shop for service until such Car or a Replacement Car is delivered to Lessee, to a railroad for the account of Lessee, or is otherwise ready for or is returned to service by Lessee. In the event rental is abated, then if Rex so elects and notwithstanding anything contained in Paragraph 5 to the contrary, the original term of this Lease shall be extended for a period of time determined by dividing the sum of the number of days per Car with respect to which rental was so abated by the number of Cars subject to the applicable Schedule on what would otherwise have been the last day of the original term hereof.

12. *Taxes.* Rex shall be liable for and pay all Federal, State or other governmental property taxes assessed or levied against the Cars except that Lessee shall be liable for and pay such taxes when the Cars bear reporting marks and numbers other than Rex's. Lessee shall be liable at all times for and shall pay or reimburse Rex for payment of (i) all Federal, State or local sales or use taxes imposed upon or in connection with the Cars, this Lease, or the manufacture, acquisition, or use of the Cars for or under this Lease, (ii) all taxes, duties or imposts assessed or levied on the Cars or this Lease by a foreign country and by any governmental subdivision thereof and (iii) all taxes or governmental charges assessed or levied upon its interest as Lessee of Cars.

Is this
Substantive
work?

13. *Liens.* Lessee shall keep the Cars free from any and all encumbrances or liens in favor of anyone claiming by, through or under Lessee which may be a cloud upon or otherwise affect Rex's title, including, but not limited to liens or encumbrances which arise out of any suit involving Lessee, or any act or omission of Lessee or Lessee's failure to comply with the provisions of this Lease, and Lessee shall promptly discharge any such lien, encumbrance or legal process.

14. *Indemnities - Patent Covenants.* Lessee agrees to indemnify Rex and hold it harmless from any loss, expense or liability which Rex may suffer or incur from any charge, claim, proceeding, suit or other event which in any manner or from any cause arises in connection with the use, possession or operation of a Car while subject to this Lease, excepting only any such loss, expense or liability which arises solely from Rex's negligence. Rex agrees to indemnify Lessee and save it harmless against any charge, loss, claim, suit, expense or liability arising out of or on account of the use or incorporation by Rex upon delivery of a Car or upon the making of

repairs thereto by Rex of any invention or the infringement of any patents, except if such invention was used or incorporated by reason of Lessee's specifications. The term Rex shall mean and include any subsidiary, parent or affiliated corporation for all purposes of this Paragraph 14. Lessee's indemnity shall not eliminate the rights given Lessee under any manufacturer's warranty assigned to it pursuant to Paragraph 22. The indemnities and assumptions of liability herein contained shall survive the termination of this Lease. Each party shall, upon learning of same, give the other prompt notice of any claim or liability hereby indemnified against.

15. **Lettering - Inventory.** At Rex' election all Cars may be marked to indicate the rights of Rex or an assignee, mortgagee, trustee, pledgee or security holder of Rex or a lessor to Rex and may bear the following inscription "Title to this Car subject to documents recorded under Section 20c of the Interstate Commerce Act." Except for renewal and maintenance of the aforesaid lettering or lettering indicating that the Car is leased to the Lessee or to a sublessee in accordance with demurrage tariffs, no lettering or marking shall be placed upon any of the Cars by Lessee and Lessee will not remove or change the reporting marks and numbers indicated on the applicable schedule except upon the written direction or consent of Rex. Rex may at its own cost and expense inspect the Cars from time to time wherever they may be, and Lessee shall, upon request of Rex but no more than once every year, furnish to Rex its certified inventory of all Cars then covered by this Lease.

16. **Loss, Theft or Destruction of Cars.** In the event any Car is lost, stolen, destroyed or damaged beyond economic repair, Lessee shall, within five days of its knowledge thereof, by written notice, fully advise Rex of such occurrence. Except where Rex shall have received payment for such Casualty Car from a handling railroad or other party under and pursuant to Interchange Rules, Lessee shall, within 45 days after demand by Rex, promptly make payment to Rex in the same amount as is prescribed in the Interchange Rules for the loss of such Car. This Lease shall terminate with respect to a Casualty Car on the date Rex shall receive notice of a casualty occurrence with respect thereto, and thereafter Lessee shall have no further liability to Rex hereunder with respect thereto excepting accrued rent and liabilities arising or existing under Paragraphs 6(c), 12, 13, and 14 hereof.

17. **Return of Cars.** Upon the expiration or termination of this Lease with respect to any Car (other than pursuant to Paragraph 16 hereof), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to Rex by delivering same to Rex at such repair shop, storage or terminal facility as Rex may designate by notice to Lessee. Each Car so surrendered shall be in the same or as good condition, order and repair as when delivered to Lessee, wear and tear from ordinary use and the passage of time excepted, shall be in need of no repairs for which Lessee is liable under Paragraph 9, and shall be free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. If any of the Cars do not bear Rex reporting marks and numbers, Lessee shall place such reporting marks and numbers on any or all of the Cars as Rex shall designate in writing to Lessee prior to the end of the lease term. Until the delivery of possession to Rex pursuant to this Paragraph 17, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Lease as though such termination or expiration had not occurred. If Lessee is a railroad, Lessee agrees to provide storage, upon the request of Rex for any or all of the Cars for a period of ninety (90) days from the date of expiration or termination of this Lease. Nothing in this Paragraph 17 shall give Lessee the right to retain possession of any Car after expiration or termination of this Lease with respect to such Car.

18. **Default.** If Lessee shall fail to make any payment required hereunder within 20 days after same shall have become due or shall default or fail for a period of 20 days in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or if a proceeding shall have been commenced by or against Lessee under any bankruptcy laws, Federal or State, or for the appointment of a receiver, assignee or trustee of Lessee or its property, or if Lessee shall make a general assignment for the benefit of creditors, then and in any of said events REX may at its election:

(a) terminate this Lease by written notice to such effect, and retake the Cars and thereafter recover as liquidated damages for loss of a bargain and not as a penalty, any and all damages sustained by reason of Lessee's default in addition to all rental unpaid as of said date, or

(b) without terminating the Lease repossess the Cars and may retake the same or any part thereof to others upon such rental and other terms as it may see fit. The proceeds of any such retaking shall first be applied to the expenses (including reasonable attorneys' fees) of retaking and retaking of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining thereafter and the proceeds at the same shall accrue. REX shall not be obligated to accept any lesser offer by Lessee, or to do any act (or exercise any diligence whatsoever in the procuring of another lessee to mitigate the damages of Lessee or otherwise. The election by REX to retake the Cars and the acceptance of a new lessee shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained. The obligation to pay any deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars.

The remedies provided in this Paragraph 18 in favor of REX shall not be deemed exclusive but shall, where not by rule of law inconsistent with each other, be cumulative and may be availed of singly, in combination, or all together and in any order, and shall be in addition to all other remedies in REX'S favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law now or hereafter in effect which might limit or modify any of the remedies herein provided to the extent that such waiver is permitted by law.

19. **Sublease and Assignment.** The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

(a) Lessee shall have no right to assign or sublease or loan any of the Cars without the prior written consent of REX provided, however, that Lessee shall have the right to sublease any or the Cars for single trips within the continental limits of the United States to its customers or suppliers where the sole purpose of such sublease is to obtain exemption from demurrage on the subleased Cars. Any such sublease shall be upon terms and conditions in compliance with all applicable Interchange Rules, tariff, regulations and laws and all terms and conditions of this Lease.

(b) all rights of REX hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part without notice to or consent of Lessee. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any lease to REX, chattel mortgage, security agreement or equipment trust or other security instrument covering the Cars heretofore or hereafter created by REX provided only that so long as Lessee is not in default under the Lease, Lessee shall be entitled to the peaceful and quiet possession of the Cars. If REX shall have given written notice to Lessee stating the identity and post office address of any assignee or titled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or an assignment by REX shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or

undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

20. *Opinion of Counsel.* Upon the request of Rex or its assignee, Lessee will deliver to Rex an opinion of counsel for Lessee, addressed to Rex or its assignee in form and substance satisfactory to counsel for Rex or its assignee, which opinion shall be to the effect that:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation, and has corporate power and has taken all corporate action necessary to enter into this Lease and carry out its obligations hereunder,

(b) this Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms,

(c) the Cars which are then subject to the Lease are held by Lessee under and subject to the provisions of this Lease prior to any lien, charge or encumbrance in favor of anyone claiming by, through or under Lessee and

(d) no governmental, administrative or judicial authorization, permission, consent, or approval or recording is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part hereunder.

21. *Notice.* Any notice required or permitted to be given pursuant to the terms of this Lease shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Rex at: P.O. Box 968
Englewood Cliffs, New Jersey 07632

or at such other addresses as Rex may from time to time designate by such notice in writing and to Lessee at the address first above written or any such other address as Lessee may from time to time designate by notice in writing

22. *Warranty.* REX agrees to assign to Lessee such rights as it may have under warranties, if any, which it may have received from the manufacturer of any Cars or parts therefor and shall at Lessee's expense cooperate with Lessee and take such action as may be reasonably requested to enable Lessee to enforce such rights. REX makes no warranty or representation of any kind, either express or implied, as to any matter whatsoever, including specifically but not exclusively, merchantability, fitness for a particular purpose extending beyond the description in the applicable Schedule, or the design, workmanship, condition or quality of the Cars or parts thereof which Cars have been accepted by Lessee hereunder; and REX shall have no liability hereunder for damages of any kind, including specifically but not exclusively, special, indirect, incidental, or consequential damages on account of any matter which might otherwise constitute a breach of warranty or representation. Lessee represents that all of the matters set forth in Paragraphs 20(a), (b) and (c) shall be and are true and correct at all times that any Car is subject to this Lease.

23. *Governing Law - Writing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of N.J. The terms of this Lease and the rights and obligations of the parties hereto may not be changed or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

24. *Counterparts.* This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which may be evidenced by any such signed counterpart.

25. *Severability -- Waiver.* If any term or provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. Failure of REX to exercise any rights hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the situation or contingency giving rise to such right.

26. *Terminology.* In construing any language contained in this Lease, no reference shall be made and no significance given to paragraph titles, such titles being used only for convenience of reference. Where the context so permits, the singular shall include the plural and vice versa.

27. *Past Due Payments.* Any nonpayment of rentals or other sums due hereunder, whether during the period within which a default may be cured or for a longer period, and whether or not deemed a default or violation of this Lease, shall result in the obligation on the part of the Lessee to pay also an amount equal to twelve per cent per annum (or if such rate may not lawfully be charged, then the highest rate which may lawfully be charged) of such overdue sum for the period of time from one week after the due date until such overdue sum is paid.

28. *Definitions.* For all purposes of this Lease the following terms shall have the following meaning:

(a) "Interchange Rules" -- all codes, rules, interpretations, laws or orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time by the Association of American Railroads and any other organization, association, agency, or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, interpretations, laws or orders.

(b) "Average Date of Delivery" -- that date which is determined by (i) multiplying the number of Cars delivered by REX on each day by the number of days elapsed between such day and the date of delivery of the first Car under the applicable Schedule, and (ii) adding all of the products so obtained and dividing that sum by the total number of Cars delivered under the applicable Schedule and (iii) adding such quotient rounded out to the nearest whole number to the date of delivery of the first Car under the applicable Schedule. The date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to the Lessee. A Car shall be conclusively deemed delivered to the Lessee on the earliest date shown on any of the following: (i) Certificate of Acceptance or other writing accepting a Car signed by the Lessee; or (ii) a bill of lading showing delivery to Lessee or to a railroad for the account of Lessee.

(c) "Accounting Period" -- each consecutive period of 12 months commencing with the date hereof and any period of less than 12 months during which period this Lease shall expire or terminate.

(d) "Prevailing Labor Rate" -- the per hour general labor rate established by the Association of American Railroads.

(e) "Repair Work" -- all repairs, maintenance, modifications, additions or replacements required to keep and maintain the Cars in good working order and repair in accordance with and on the effective date of the requirements of all Interchange Rules and preventive maintenance as determined by REX to keep and maintain the Cars in good working order and repair.

(f) "Withdrawn Cars" - Cars as to which the Lease has been terminated by REX because deemed by REX to be uneconomical for Repair Work.


(g) "Casualty Cars" - Cars which are lost, stolen, destroyed or damaged beyond economic repair.

(h) "Replacement Cars" - Cars of substantially similar description and specification to that set forth in the applicable Schedule which are substituted for Withdrawn or Casualty Cars.

29. *Benefit.* Except as otherwise provided herein the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the parties and (to the extent permitted in Paragraph 19 hereof) their successors and assigns. Without limiting the generality of the foregoing, the indemnities of the Lessee contained in Paragraph 14 hereof shall apply to and inure to the benefit of any assignee of REX and if such assignee is a trustee or secured party under an indenture under which evidence of indebtedness has been issued in connection with the financing of the Cars, then also to the benefit of any holder of such evidence of indebtedness.

30. *Recording.* Upon request by REX Lessee shall join in the execution of a memorandum or short form of this Lease for use in recordation under Section 20c of the Interstate Commerce Act or such other recordation as REX deems appropriate. Said memorandum or short form of lease shall describe the parties, the Cars being leased and the term of this Lease including any options to extend and shall incorporate the Lease by reference.

IN WITNESS WHEREOF, REX and Lessee have duly executed this Lease as of the day and year first above written.

REX RAILWAYS, INC. 

By _____

President

[CORPORATE SEAL]

ATTEST

Secretary

a(n) _____ corporation

By _____

President

[CORPORATE SEAL]

ATTEST

Secretary

EXHIBIT A

Schedule.....to Lease dated.....,19..... by and between
Rex Railways, Inc. ("Rex") and("Lessee")

CERTIFICATE OF ACCEPTANCE

_____, 19____

Rex Railways, Inc.
P.O. Box 968
Englewood Cliffs, New Jersey 07632

Gentlemen:

The undersigned, being a duly authorized representative
of Lessee, hereby accepts _____
(_____) Cars bearing numbers as follows:

for the Lessee pursuant to the Lease and certifies that each of
said Cars is plainly marked in stencil on both sides of each Car
with the words

REX RAILWAYS, INC. *2000000000*
Owner and Lessor
Title to this Car subject to documents *up for file*
recorded under Section 20c of Interstate *of 4-35*
Commerce Act

in readily visible letters not less than one inch (1") in height, and that
each of said Cars conforms to, and fully complies with the terms of said
Lease and is in condition satisfactory to the Lessee. If the Lessee is a
railroad, Lessee hereby certifies that it is an interstate carrier by rail
and that the Cars are intended for actual use and movement in interstate
commerce.

LESSEE

REX'S LOT NO. _____

Schedule _____

Page 1 of Schedule _____ dated _____, 19____ to Lease dated
_____, 19____, by and between REX RAILWAYS, INC.
(Rex) and _____ ("Lessee")

TYPE AND DESCRIPTION OF CAR:

NUMBER OF CARS:

INTERIOR EQUIPMENT:

SPECIAL LININGS:

PERMITTED LADING USE:

*REPORTING MARKS AND NUMBERS.

SPECIFICATIONS DESIGNATED BY LESSEE:

INITIAL F.O.T. DELIVERY POINT

(Signature)
(Signature)
When Rex reporting marks are specified, this lease is subject to the granting of all necessary
consents to such use by carrier or any other approval now or hereafter required by tariff, Interchange
Rules or other applicable laws and regulations.

7-10-10
10-10-10
OT-5

Page 2 of Schedule _____ dated _____ 19____ to Lease dated
_____, 19____, by and between REX RAILWAYS, INC. — *Veronica A*
("Rex") and _____ ("Lessee")

LEASE TERM:

MONTHLY RENTAL:

CONSTANT FACTOR:

SERVICE FACTOR:

CURRENT LABOR RATE:

SPECIAL TERMS:

Lessee

By _____

President

[CORPORATE SEAL]
ATTEST

Secretary

REX RAILWAYS, INC. — *Veronica A*

[CORPORATE SEAL]
ATTEST

By _____

President

Secretary

STATE OF New Jersey }
COUNTY OF Bergen } ss

On this day of, 19....., before me personally
appeared
to me personally known, who being by me duly sworn, says that he is President of
REX RAILWAYS, INC., and to me personally
known to be the Secretary of said corporation, that the seal affixed
to the foregoing instrument is the corporate seal of said corporation, that said instrument was
signed and sealed on behalf of said corporation by authority of its Board of Directors, and they
acknowledged that the execution of the foregoing instrument was the free act and deed of said
corporation.

.....
Notary Public

STATE OF }
COUNTY OF } ss

On this day of, 19....., before me personally
appeared
to me personally known, who being by me duly sworn, says that he is
President of
..... and
to me personally known to be the Secretary of said corporation, that the
seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instru-
ment was signed and sealed on behalf of said corporation by authority of its Board of Directors,
and they acknowledged that the execution of the foregoing instrument was the free act and deed
of said corporation.

.....
Notary Public

EXHIBIT G

ASSIGNMENT

Purchaser _____

Amount of Contract (Lease) _____

Date of Contract (Lease) _____

For valuable consideration, the receipt whereof is hereby acknowledged, the undersigned hereby sells, assigns, transfers and sets over to CITIBANK, N.A., at New York, New York, its successors and assigns the within instrument and all right, title and interest in and to the property therein described, and all rights and remedies therein, including the right to collect installments due thereon, and the right either in assignee's own name, or in undersigned's name to take such legal proceedings or otherwise as undersigned might have taken save for this assignment. Undersigned agrees that assignee may audit its books and records relating to all paper sold to it and agrees that without notice to and without releasing the liability of the undersigned herein, assignee may release any rights against the grant extensions of time of payment to and compromise claims with the buyer or any other obligor on said instrument or note(s) given in connection therewith and repossess and resell any chattel and waiving presentment and demand for payment, protest and notice of protest as to any note or notes endorsed or hereafter to be endorsed by the undersigned, and the undersigned expressly waives the benefits of any present or future provisions of law which may extend the obligation of the undersigned as the result of any extension obtained by the buyer in any proceeding under any present or future provisions of law.

The undersigned warrants that the said instrument is genuine and in all respects what it purports to be; that all statements therein contained are true; that the instrument and accompanying note or notes are genuine, enforceable, and the only instrument and notes executed for the equipment described therein; that at the time of the execution of this assignment the undersigned had good title to the property covered thereby and the right to transfer title thereto; that said property has been duly delivered and accepted in accordance with the terms of said instrument; that all parties to the said instrument have capacity to contract and that the undersigned has no knowledge of any facts which impair the validity of said instrument or render it less valuable; and warrants compliance with all filing and recording requirements, hereby agreeing that any filing or recording or renewals thereof which assignee may

undertake at undersigned's request, or otherwise, shall be at undersigned's expense and without responsibility whatsoever on assignee's part for any omission or invalid accomplishment thereof, whether through assignee's failure, neglect, or for any reason, and such omission or invalid accomplishment shall not relieve the undersigned of any responsibility to said assignee. The undersigned expressly represents and warrants that the aforementioned instrument arises out of a bona fide sale or lease of the property described therein by the undersigned to the buyer and that title to the said property originated with the undersigned and not with the buyer, and that prior to the execution of the said instrument, the lessee or buyer did not either directly or indirectly have any interest in the property described therein, and that an actual delivery to and acceptance by the lessee or buyer has been made for the lessee or buyer's uses and purposes, and that any advance payment was made by the lessee or buyer in cash and not its equivalent unless otherwise specifically stated in the instrument and that no part thereof was loaned directly or indirectly by the undersigned to the lessee or buyer and that the undersigned will not advance, give or loan to the lessee or buyer directly or indirectly any part of the unpaid rent or price, and that the lessee or buyer has not and will not either directly or indirectly receive from or through the undersigned any part of the consideration for this assignment. The undersigned shall have no authority without assignee's prior written consent to accept collections and/or repossess and/or consent to the return of the equipment and/or modify the terms of instrument.

The assignment shall be construed under the laws of the State of New York and none of the terms shall be modified except by a writing signed by an officer of assignee and notice of the acceptance thereof is hereby waived.

This Agreement is subject to a Security Agreement between Assignor and Assignee dated November 30, 1979.

Dated:

REX LEASING, INC.

By _____

EXHIBIT H

Citibank, N.A.

(Office or Branch)

In consideration of any existing liability of the undersigned to Citibank, N.A. (the "Bank") and/or in order to induce the Bank, acting in its discretion, to make loans or otherwise to extend or continue credit at any time(s) to the undersigned or to others on the request, indorsement or guarantee of the undersigned, the undersigned hereby agree(s):

I. That, as security for all indebtedness and other liabilities of the undersigned to the Bank, now or hereafter existing whether directly created or acquired by assignment or otherwise and whether absolute or contingent (the "Obligations"), the Bank shall have and is hereby given a lien upon and a security interest in any and all property at any time delivered, pledged, mortgaged or assigned to, or in which a security interest has been given to, the Bank or otherwise now or hereafter in the possession or under the control of the Bank, or of any third party(ies) acting in its behalf, for the account or benefit of the undersigned, whether expressly as collateral or for safekeeping or for any other or different purpose, including (without limitation) any property which may be in transit by mail or carrier for any purpose, or covered or affected by any documents in the Bank's possession, or in possession of any such third party(ies), and if the aggregate market value of the aforesaid property should at any time in the opinion of the Bank or any of its officers suffer any decline or should any such property be deemed by the Bank or any of its officers to be unsatisfactory or inadequate, or should any such property fail to conform to legal requirements, then and in any such event the undersigned will (to the satisfaction of the Bank) deliver to the Bank additional property to be held under the terms and provisions hereof or make payments to it on account of the Obligations. Stock dividends and other distributions on account of any stock or other securities held hereunder shall be deemed an increment thereto and if not received directly by the Bank shall be delivered immediately to it by the undersigned in form for transfer.

II. That the Bank shall exercise reasonable care in the custody of any property in its possession or control hereunder at any time(s), but shall be deemed to have exercised reasonable care if such property is accorded treatment substantially equal to that which the Bank accords its own property (it being understood that the Bank shall have no responsibility for ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any property and whether or not the Bank has or is deemed to have knowledge of such matters), or if the Bank takes such action with respect to the property as the undersigned shall reasonably request in writing, but no failure to comply with any such request nor any omission to do any such act requested by the undersigned shall be deemed a failure to exercise reasonable care, nor shall any failure of the Bank to take necessary steps to preserve rights against any parties with respect to any property in its possession or control be deemed a failure to exercise reasonable care.

III. That, in addition to its rights and interests as herein set forth, the Bank may, at its option at any time(s) and with or without notice to the undersigned, appropriate and apply to the payment or reduction, either in whole or in part, of the amount owing on any one or more of the Obligations, whether or not then due, any and all moneys now or hereafter with the Bank, on deposit or otherwise, to the credit of or belonging to the undersigned, it being understood and agreed that the Bank shall not be obligated to assert or enforce any rights, liens or security interests hereunder or to take any action in reference thereto, and that the Bank may in its discretion at any time(s) relinquish its rights as to particular property or in any instance without thereby affecting or invalidating its rights hereunder as to any other property hereinbefore referred to or in any similar or other circumstance.

IV. That in the event of the happening of any one or more of the following, any one of which shall constitute an event of default, to-wit: (a) the non-payment of any of the Obligations; (b) the failure of the undersigned forthwith, with or without notice, to furnish additional collateral or make payments on account, in either case to the satisfaction of the Bank, as hereinbefore agreed; (c) the insolvency, death, failure in business or suspension of usual business, dissolution or termination of existence of the undersigned; (d) the filing of a petition in bankruptcy by or against the undersigned or any guarantor of any of the Obligations, or the commencement of any proceedings in bankruptcy, or under any Acts of Congress relating to the relief of debtors, for the relief or readjustment of any indebtedness of the undersigned or any such guarantor as aforesaid, either through the commencement of voluntary liquidation, reorganization,

composition, extension or otherwise; (e) the making of an assignment for the benefit of creditors or the taking advantage of any insolvency law by the undersigned or any such guarantor; (f) the appointment of a receiver, conservator, liquidator, or similar officer for, or for any property of, the undersigned or any such guarantor; (g) the application by the Securities Investor Protection Corporation for a decree under the Securities Investor Protection Act that customers of the undersigned or any guarantor of the obligations are in need of protection thereunder; (h) any seizure, vesting or intervention by or under authority of a government, by which the management of either the undersigned or any such guarantor is displaced or its authority in the conduct of its business is curtailed; (i) the attachment of or restraint as to any funds or other property which may be in, or come into, the possession or control of the Bank, or of any third party acting for the Bank for the account or benefit of the undersigned or the issuance of any order of court or other legal process against the same; (j) the suspension for a period exceeding 30 days by, or expulsion from, the New York Stock Exchange, or any other Exchange or the National Association of Securities Dealers, of the undersigned — then, or at any time after the happening of any such event of default, any or all of the Obligations then existing, although otherwise unmatured or contingent, shall at the option of the Bank, as evidenced by its indorsements on the evidences of such obligations or hereon to such effect, become due and payable forthwith, without demand upon or notice to the undersigned. Furthermore, upon the occurrence of any such event of default the Bank shall have all of the rights and remedies provided to a secured party by the Uniform Commercial Code in effect in New York State at that time and the undersigned further agrees that (1) in the event that notice is necessary, written notice mailed to the undersigned at the address given below three business days prior to the date of public sale of property subject to the security interest of the Bank or prior to the date after which private sale or any other disposition of said property will be made shall constitute reasonable notice, but notice given in any other reasonable manner or at any other reasonable time shall be sufficient; (2) without precluding any other methods of sale, the sale of property shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of banks disposing of similar property, but in any event, the Bank may sell at its option on such terms as it may choose without assuming any credit risk and without any obligation to advertise; and (3) the Bank may require the undersigned to assemble the property subject to the security interest of the Bank and to make such property available to the Bank at a time and place designated by the Bank, all at the expense of the undersigned.

V. That the undersigned will pay to the Bank, as soon as incurred, all costs and expenses, including attorneys' fees, related or incidental to the care, holding, retaking, preparing for sale, selling or collection of or realization upon any of the property or relating or incidental to the establishment or preserving or enforcement of the rights of the Bank hereunder or in respect of any of the property, and obtaining legal advice with regard to any of the foregoing. Further, that net proceeds of the property, resulting from sale, collection or otherwise, and other available moneys coming into the hands of the Bank may be applied by it, before or after default, to the satisfaction or reduction of such of the Obligations or costs and expenses as it may see fit, whether or not matured.

VI. That all rights of the Bank and liens of the Bank hereunder shall continue unimpaired, and that the undersigned shall be and remain bound by the Obligations in accordance with the terms thereof, notwithstanding the release or substitution of any of the aforementioned property, or of any rights or interests therein, or any delay, extension of time, renewal, compromise or other indulgence granted by the Bank in reference to any of the Obligations or any promissory note, draft, bill of exchange or other instrument or other obligation given in connection therewith or constituting a part of the said property, the undersigned hereby waiving all notice of any such delay, extension, release, substitution, renewal, compromise or other indulgence, and hereby consenting to be bound thereby as fully and effectually as if the undersigned had expressly agreed thereto in advance.

VII. That the Bank may, at its option and without obligation to do so, transfer to or register in the name of its nominee(s) all or any part of the aforementioned property and it may do so before or after the maturity of any of the Obligations and with or without notice to the undersigned.

VIII. That the Bank may assign or otherwise transfer all or any of the Obligations, and may deliver all or any of the property to the transferee(s), who shall thereupon become vested with all the powers and rights in respect thereof given to the Bank herein or otherwise and the Bank shall thereafter be forever relieved and fully discharged from any liability or responsibility with respect thereto, all without prejudice to the retention by the Bank of all rights and powers not so transferred.

IX. That the word "property" as used herein includes goods and merchandise, funds, cash balances, securities, accounts receiv-

able, choses in action and any and all other forms of property whether real, personal or mixed, together with the proceeds thereof, any right, title or interest therein or thereto, and any documents relative thereto.

X. That this is a continuing agreement and shall remain in full force and effect (notwithstanding any interruptions in the business relationships between the Bank and the undersigned) until written notice shall have been received by the Bank that it has been revoked, but any such notice shall not release or impair any rights, interest or options theretofore acquired by the Bank. Furthermore that, if any of the provisions of this Agreement is terminated by operation of law as against the undersigned, the undersigned will indemnify and save the Bank, its successors or assigns, harmless from any loss which may be suffered or incurred by the Bank in making, giving, or extending any loans or other credit or otherwise acting in reliance hereon prior to receipt by it of notice in writing of such termination.

XI. That, if this Agreement is executed by two or more parties, they shall be severally bound and committed hereunder, and the term "undersigned" wherever used herein shall be construed to refer to each of such parties separately, all in the same manner and with the same effect as if each of them had signed separate instruments. If any party hereto is a partnership, the agreements herein contained shall remain in force and applicable notwithstanding changes in the individuals comprising the partnership, and the term "undersigned" shall include any altered or successor partnerships, but the predecessor partnerships and their partners shall not thereby be released from any liability.

XII. That this Agreement shall be deemed to have been made under, and shall be governed by, the laws of the State of New York in all respects, including matters of construction, validity and performance, and that none of its terms or provisions may be waived, altered, modified, or amended except as the Bank may consent thereto in writing.

XIII. That the Bank is authorized, at its option, to file Financing Statement(s), Amendments and Continuation Statement(s) without the signature of the undersigned with respect to any of the aforementioned property; the undersigned agrees to pay the cost of any such filing, and to sign upon request any instruments, documents or other papers which the Bank may require to perfect its security interest therein.

Dated, this _____ day of _____, 19 ____ .

Signature _____
Address _____
Signature _____
Address _____

GUARANTY

In consideration of any existing indebtedness or other liability on the part of any one or more of the parties to the within Agreement to **Citibank, N.A.** and/or of the making by said Bank of any loan or other grant or extension of credit under or pursuant to the provisions of the within Agreement to any one or more of the said parties, or to others on the request, indorsement or guaranty of any one or more of the said parties, the undersigned hereby (jointly and severally) guarantee(s) to said Bank, its successors and assigns, the punctual payment at maturity of any and all of the "Obligations" (as referred to in the within Agreement), and hereby assent(s) to all the terms and conditions of the said Agreement, and consent(s) that all or any of the collateral security for all or any such "Obligations" may be exchanged or surrendered at any time(s), and that the time(s) of payment for all or any part of the said "Obligations" may be extended, without notice to or further assent from the undersigned, who will remain bound upon this guaranty notwithstanding any such exchange, surrender or extension. Notice of the acceptance hereof and of the making of any loan or other grant or extension of credit under or pursuant to the provisions of the said agreement, and promptness in making any demand hereunder or in demanding or enforcing payment of any of the said "Obligations" hereby guaranteed, are hereby waived.

Dated: _____

